S. HRG. 100-354 PT. 1

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 2890

AN ACT MAKING APPROPRIATIONS FOR THE DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1988, AND FOR OTHER PURPOSES

PART 1 (Pages 1-957)

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD
DEPARTMENT OF TRANSPORTATION
NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)
NATIONAL TRANSPORTATION SAFETY BOARD
PANAMA CANAL COMMISSION

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DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

WEDNESDAY, FEBRUARY 25, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:10 a.m. in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Harkin, D'Amato, Kasten, and Weicker.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF HON. ELIZABETH HANFORD DOLE, SECRETARY OF TRANSPORTATION

ACCOMPANIED BY JANET HALE, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS

OPENING REMARKS OF SENATOR LAUTENBERG

Senator LAUTENBERG. This subcommitee will please come to order. Today the subcommittee begins its review of the budget proposed by the President for the Department of Transportation and related agencies. The President is requesting a total of $8,008,498,493 in new budget authority for programs and activities directly funded by this subcommittee. This represents a reduction of $1,883,876,125 or 18 percent from the amount currently enacted for fiscal year 1987, which is $10,382,369,125.

The President also proposes obligation limitations totaling $15,440,900,000, an increase of 1 percent.

We are pleased to welcome this morning the Secretary of Transportation, the Honorable Elizabeth H. Dole, and my colleague here from my neighboring state, Senator D'Amato, the ranking member of the subcommittee.

Secretary Dole appears in her customary role as a gallant defender of what most of us here consider at times indefensible. We know, of

course, that the Secretary shares our commitment to improving the transportation facilities within our country.

You are joined this morning, I understand, by Ms. Janet Hale, Assistant Secretary for Budget and Programs. Of course, we welcome you as well, Ms. Hale.

Before yielding to my colleagues for opening statements, I would like to make a few general remarks.

RESPONSIBILITIES AND GOALS OF SUBCOMMITTEE

While we had a hearing on the Amtrak/Conrail accident, this is our first hearing on the transportation budget, and it is appropriate at the outset to lay out how I see our responsibilities and what the goals of the subcommittee should be.

America's economy rides on its network of railroads and airlines. We need to make sure that the systems are efficient, and we need to make sure that they are safe. We need to make sure that they meet the needs of every region and every city and town of this nation. Measured against these simple but fundamental goals, the transportation agenda as proposed by the administration falls short.

Our most urban areas are threatened with suffocation by proposed cuts in mass transit. There is a crisis of confidence in safety. People and goods are tangled in delays, especially at our airports. The public deserves to know what the delay situation is and whether the airlines are meeting their schedules. We hope, Madam Secretary, that you can provide that information by requiring the airlines to publish their on-time performance record on a regular basis, and I hope that you will do that as soon as possible.

There is nothing really new about the administration's budget. It contains the same list of proposals and unbalanced priorities as we have seen before. It contains the same OMB vendetta against sound transportation policies.

Transportation currently makes up only 2.5 percent of the total federal spending budget, but it is targeted for the second largest cut, $15.4 billion in the nondefense discretionary budget from fiscal year 1988 to fiscal year 1992.

It is based on the same doctrinaire economic ideology which says that the only value of any public program is what the direct benefit is. It persists in the same stubborn blindness against the national interest in a balanced, unified and multimodal transportation system.

It renews the same assault on programs vital to my state, my region, and, finally, to the country in general.

Having said that, Madam Secretary, I promise that we will give the proposal the consideration it deserves. In fact, to be fair, some of the administration's specific recommendations are welcome.

The budget does provide, for example, almost a $1 billion increase for FAA. With over two near midair collisions every day, delays, and rapid growth in the volume of air traffic, no one disputes the need for strengthening the air traffic control system. Aviation safety is increas-

ingly at risk, and the need to begin restoring the margin of safety is a major concern of mine and other members of this subcommittee.

Unhappily, the administration's budget does not reflect a comparable concern with rail safety. Yet, the rash of tragic accidents since the first of the year makes it clear that there are holes in our rail safety system.

The budget will also allot an additional $176 million to the Coast Guard. This increase covers activities financed in the past in the defense bill. This is probably a good idea. Having all of the Coast Guard budget back in one should facilitate more effective oversight.

Now, all of us here would probably support these initiatives, assuming that they can be properly justified. But instead of requesting the additional transportation funding required to pay for them, the administration would destroy two key elements of our national transportation system, Amtrak and Mass Transit. That is too high a price to pay. We will have to find another source for funds needed by FAA and the Coast Guard, again worthwhile proposals.

NEW JERSEY CUTS

In every section of this country, economic growth rides on the transportation network. Unless you have an efficient, safe and responsive system for moving goods and people, prosperity will always be just around the corner—in somebody else's backyard.

It is especially true in my home state, New Jersey, and throughout the Northeast. The fiscal year 1988 budget proposal would reduce federal capital assistance to New Jersey Transit by over 50 percent. It is a reduction of $76 million. Operating assistance would be wiped out, falling from $43 million to $1 million, and this comes at a time when rail ridership is up 29 percent over the past 3 years and bus ridership is up over 10 percent over the same timeframe.

In addition, the administration's proposal regarding Amtrak leaves its 1.8 million passengers high and dry, and 2,000 New Jersey residents employed by Amtrak would be jobless. Now, without a passenger rail service and an effective mass transit program, our economy cannot work. This is just as true in many other parts of this great country of ours as it is in New Jersey. You cannot trample on one region's transportation needs without harming the national system.

Different states and different sections do have different needs and strengths and interests, but we are all part of the same interdependent national community, and a responsible national policy must be responsive to all these interests and promote the development of a natural harmony among them all.

So I am sure that the Congress is going once again to seek a more reasonable and balanced approach to the transportation budget. I know my colleagues and I will be working toward that end. Again, I want to extend an invitation to you, Secretary Dole, to join with us in that effort. In working together, which we have done in the past and which I look forward to continuing doing, I am sure that we can develop a bill that will address the real needs of our national transportation system in a responsible and constructive way.

Senator D'Amato.

STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Thank you very much, Mr. Chairman. It certainly is my pleasure to join with you in welcoming Secretary Dole here once again. This is her fifth appearance before the subcommittee.

Madam Secretary, you now hold the record for tenure among all of the Secretaries of Transportation, so we are certainly pleased to have the recordholder here today. Although we may and we do have differences of opinion, and let's distinguish between the Department's and OMB's recommendations, certainly your advocacy for the administration's position is one which we admire, and we respectfully take a different course, as Senator Lautenberg has indicated.

I would like to just make three points if I might. The Clean Air Act and some of the deadlines that have been imposed by it will be felt throughout this nation in our large urban centers in a very real way within the next 6 months. I do not believe that most of the nation's cities come close to meeting the standards that have been imposed.

I believe that we are going to see a greater reliance on mass transportation and that a unique opportunity exists to see to it that the needs of moving people in an environmentally sounder manner will be a greater reliance and dependence upon mass transportation. This is a harbinger of things to come. There is no doubt in my mind that the large urban centers will not be able to meet the clean air standards unless they have a dramatic shift from the automobile to mass transit. So there are unique opportunities as it relates to moving more people, and having a sounder mass transportation system.

Of course, local governments have got to do their part in seeing to it that these systems are safe, that they are clean, and that they are well managed, but there is a partnership.

Second, as it relates not only to our mass transportation systems, but transportation in general, is the important area of testing as it relates to drugs. What kind of tests? Will they be random? Will there be drug treatment programs? Certainly, if we are going to have the cooperation of labor, we must offer employees the opportunity to break a dependency on drugs.

Third of all, of course, is the area that the chairman has mentioned and has been most involved in, and that is airway safety. I would hope that we would have the opportunity to hear from you what has been done and what our plans are to continue to address this pressing problem.

It is good to see you again.

PREPARED STATEMENT

Mr. Chairman, I would ask that my remarks be entered into the record as if read in their entirety.

Senator LAUTENBERG. Without objection, that will be done.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, it is my pleasure to join you in welcoming Secretary Dole to her fifth appearance before the subcommittee.

Madam Secretary, you now hold the record for tenure among all the Secretaries of Transportation. You have distinguished yourself in this role, and I congratulate you on this achievement.

Once again, we have critical choices to make for transportation programs. It should come as no surprise that there continue to be deep differences between the desires of Congress and the administration on transportation funding. We will debate these matters today, and in further hearings with the administration witnesses, and then make recommendations that will enjoy the support of our Senate colleagues. I hope to work with you, Mr. Chairman, and Secretary Dole during this process.

The budget proposal for mass transit is completely unrealistic and unworkable. I am in a unique position as a member of both the authorizing and appropriating committees with oversight responsibility for mass transit. I will be meeting in conference on that legislation and I know that the House and Senate have a long way to go to reach agreement. I must say, however, that there is no doubt in this Senator's mind that support in Congress for transit is quite strong, and the final bill will reflect that support.

I know the administration remains opposed to mass transit, and prefers lower levels than those passed by overwhelming margins in both the House and Senate. However, I hope that the administration will cooperate with the Congress on this necessary legislation. I trust, Madam Secretary, that you will be in a position to recommend the President support the highway/transit legislation when it comes to him for signature.

In New York alone 4,000 jobs are lost and 150 million dollars' worth of needed highway projects will go undone as of March 1. Across the nation states will be unable to commit the highway transit funds vital for a safe and efficient transportation network. The economic impact on highways alone is devastating: By April 1, 1,425 projects, at a value of $2.1 billion go by the boards. This means a potential loss of almost 100,000 jobs, at a time when our economy can least afford such a setback. There is simply too much at stake with the highway/transit legislation.

In addition, Madam Secretary, we are again in disagreement on the proposal to eliminate all Federal support for Amtrak. Congress has voted repeatedly to support the intercity passenger rail system. In our metropolitan area, Amtrak provides efficient and reliable service. Earlier this week the Northeastern Governors called for improved and expanded rail service to relieve congested airports and highways. Our challenge on this subcommittee will be to make sure that Amtrak receives sufficient funds to keep service levels high, and to improve safety in the Northeast corridor—not preside over a "fire sale" on Amtrak.

I commend you for the proposed increases in aviation and for the Coast Guard. These are both areas about which this committee has been most concerned. Aviation safety, not to mention the increasing frustration of the growing delays, will be addressed again this year. The requested increases for controllers and inspectors follow on additional staffing provided by the Congress in these areas for the last several fiscal years. I remain concerned, however, that even these staffing levels and proposed hardware enhancements may not be sufficient to handle the growing demand for airspace. The subcommittee will explore these issues in further depth with the Federal Aviation Administrator when he appears.

As a member of both subcommittees with jurisdiction for customs and the Coast Guard, I will be looking very carefully at the levels proposed for drug interdiction. Last year, Congress and the President embarked on a partnership to eradicate drugs. We must fight the war on drugs smarter and more effectively. To do that will take resources—federal investments for capital assets, as well as the personnel to identify traffickers, and dry up the drug pipeline.

I look forward to hearing your testimony, Secretary Dole, and to our continued cooperation as we develop strategies to solve our considerable challenges in transportation.

Senator LAUTENBERG. Madam Secretary, again we are delighted to have you with us. We invite you to make your statement. We have your full statement, and any summary form that you would like to use, why, of course, is welcome.

Secretary DOLE. Thank you, Mr. Chairman. It is a pleasure to be with you again today to discuss the fiscal year 1988 transportation budget. I would like to run through some of my comments here just so I have an opportunity to express my enthusiasm for some of the safety initiatives which we have undertaken over the 4 years that I have served as Secretary, if I might do that. It is a top priority, and I appreciate the opportunity to work with you and with Senator D'Amato on these important safety initiatives and to improve the efficiency of our system.

AVIATION SAFETY

Our overall budget is $23.6 billion of budget authority distributed to assure full funding of our national commitments with a particular emphasis on aviation safety. Safe transportation is something that most of us simply take for granted. Every day we hop on a plane, a train, a bus or a car and complete our journeys without a single mishap. The only time we really focus on it is when something is wrong.

How many times, for example, have you turned on the evening news to hear a lead story like, "Today, some 15,000 scheduled and nonscheduled airline flights carried 1 million passengers to their destinations without incident"? Not often. Good news like this is too seldom reported. Yet, almost 400 million passengers traveled 302 billion miles in 1986 on the major scheduled carriers without a single fatality. So I hope you will not mind if I do take a few minutes to talk about some of the good news today along with the highlights of our 1988 budget proposal.

AVIATION INSPECTIONS

To intensify our aviation safety programs, I ordered in 1984 14,000 additional inspections of the nation's airlines and an 18-month top-to-bottom review of the general aviation industry. I mention this because aviation safety is not a new initiative with me at all. We have been concerned about insuring that this nation's transportation system continues to be the safest in the world, since the day I arrived at the Department. Indeed this review of the nation's airlines and 14,000 additional inspections was the first initiative, and there have been a number that have followed since.

We have increased the air carrier inspector work force by more than 60 percent, far exceeding the high water mark of FAA history. We completely revamped the safety inspection system to insure that inspections are conducted regularly and that safety standards are both updated and applied consistently nationwide.

The intensified inspection program has led to the imposition of millions of dollars in fines. That reflects not a derogation of safety but this indepth review that is made with the change in the inspection pro-

cedures, including the recent $9.5 million settlement by Eastern Airlines, the largest civil penalty ever recorded by the FAA.

We also undertook a massive effort to revise our aviation safety regulations, particularly those dealing with cabin safety.

FAA INCREASES

Now, the Department's 1988 budget will continue these efforts to make the safest system in the world even safer, and we are requesting an FAA budget that is 20 percent higher, almost $1 billion more than in fiscal year 1987. It includes an increase of 225 additional air traffic controllers to bring the work force to 15,225, and 178 more aviation inspectors—I might add that there will be 50 more people supporting that effort—increased security staff, and improved communications.

We are requesting a 68-percent increase over what Congress provided for fiscal year 1987 to continue the National Air Space, or NAS, Plan, and 90 percent of NAS Plan projects will be under way by September 30.

We also propose to fund an airport improvement program at $1 billion for fiscal year 1988 and to restructure the program to focus on critical safety, security and capacity needs.

The Department's proposed 1988 budget and FAA reauthorization legislation are designed to insure that local airports have the funding that they need to expand capacity while at the same time providing airport operators with increased flexibility and authority.

I would just mention here, Mr. Chairman, that there are some new initiatives here that I think are important in terms of providing the incentives for increased capacity as well as safety and security. For example, airports that wish to be self-financed would be allowed to withdraw from the airport improvement program and assess their own passenger facility charges. This change would give airport operators more discretion in meeting their capital needs. A larger discretionary account would enable us to strongly encourage more spending on increased capacity.

SEATBELTS

On our highways, more people are buckling up than ever before. In response to the Department's automatic occupant protection rule, called rule 208, state mandatory seatbelt laws covering 150 million people are on the books in 24 states and the District of Columbia. I believe the legislature of the state of Virginia has also passed the law. It has not yet been signed, to my knowledge, but is expected to be.

Prior to the rule's announcement, no state had a belt-use law. For the first time in the 15-year history of rulemaking on automatic occupant protection, we have a rule in place that is actually saving lives, and we worked within the administration to produce an executive order requiring over 5 million federal government employees to use seatbelts while on the job.

MOTOR CARRIER SAFETY

We are requesting in 1988 $50 million for the Motor Carrier Safety Assistance Program, or MCSAP, which has helped the states to toughen the enforcement of motor carrier safety standards, and the number of full- and part-time state inspectors trained under this program will reach 4,000 by the end of this fiscal year. Last year, we doubled the number of federal inspectors, and in an era of budget cutting to reduce deficits we asked for a 200-percent increase in the MCSAP funding.

Rulemakings are currently under way to prohibit commercial drivers from holding more than one license and to establish minimum national standards for a classified truckdriver license system. We are also comprehensively reviewing our motor carrier regulations and conducting a nationwide inspection of all carriers to review their safety fitness.

Now, the 1988 budget will continue these efforts to insure the highest safety standards. We seek continued funding for key safety programs and activities, including MCSAP, intensified efforts to combat drunk driving, the National Occupancy Protection Program, and vigorous enforcement of federal railroad safety laws and regulations.

SAVINGS FROM DEREGULATION

A safe, efficient transportation system is critical to American global competitiveness. Transportation averages about 25 percent of the cost of a delivered product. If that transportation is regulated, that adds approximately an average of 20 to 40 percent to that transportation cost.

The economic deregulation of the airlines, for example, has saved American consumers and producers billions of dollars. In fact, I believe Brookings estimates it saves the traveling public about $6 billion a year while at the same time the safety record has continued to improve, and 1986 was one of the safest years ever. The aviation fatality rate has been more than cut in half for scheduled and nonscheduled carriers, and it is down by over one-third for commuters since the Deregulation Act of 1978.

In comparing the 7 years before and after deregulation, the accident rate improved by 26 percent and the fatality rate by 43.5 percent in those years. Similarly, the deregulation of the nation's railroads has resulted in an improved safety record because it has enabled the railroads to earn the revenues and attract the resources necessary to reshape their infrastructure into a safer system.

For the railroads, 1985 was the safest year, and in 1986 the record was improved even further by 21 percent. Deregulation has reinvigorated an industry that was literally on its knees prior to the Staggers Act. In fact, deregulation was a major reason for Conrail's turnaround in recent profits.

CONRAIL SALE

Mr. Chairman, I just mentioned that we have been working with the investment bankers. I have been working with them over the past few weeks to price the public offering of Conrail stock. The preliminary registration statement was filed with the Securities and Exchange Commission on February 13.

Senator LAUTENBERG. That is not considered insider information?

Secretary DOLE. No; very soon we will be witnessing the largest industrial initial stock offer in the history of the United States, so the sale of Conrail will produce a large sum of money for the federal treasury and, of course, will help to reduce the federal deficit.

NATIONAL AND DULLES AIRPORTS TRANSFER

At the same time, thanks to the efforts of the Appropriations Committees and others, we are in the process of handing the keys to National and Dulles Airports over to a regional authority. I expect that close to March 1 we will have signed a lease, and the keys will literally be turned over around June 1.

This authority, of course, will finance $700 million of improvements that are needed. It will be done through revenue bonds just like other airports around the country. Now, this will give the nation's capital the first-class facilities that it deserves.

DRUG AND ALCOHOL INITIATIVES

Nothing could more undermine our ability to compete internationally or pose a greater threat to safety than the scourge of drug and alcohol abuse. Drunk drivers claim thousands of innocent lives every year, and we join forces with concerned citizens all across this country to focus resources and attention on getting the drunk driver off the road.

In 1984, with your excellent leadership, Mr. Chairman, and that of many others, we began an assault on the nation's blood borders by vigorously supporting legislation requiring that a percentage of highway funds be withheld from the states with the minimum drinking age below 21. Today, 43 states have that law, and we struck a blow for the No. 1 killer of young Americans. About 700 lives were saved in 1984 and another 700 in 1985 by minimum drinking ages above 18. In fact, in 1985 the fatality rate on our nation's highways was the lowest in history and the lowest in the world.

As a result of your hearings, Mr. Chairman, I know you are particularly familiar with the recent tragedy involving the collision of an Amtrak train with a Conrail engine. The Conrail brakeman and the engineer tested positive for marijuana. That test was conducted as a result of a tough new alcohol and drug rule that we implemented about 11 months ago. Had it not been for that rule, we could not have even tested those employees.

The terrible irony is that rail labor has fought such a rule for 12 years and is fighting to stop it in the courts even as I speak. I urge rail labor to join with us in eliminating this problem, because our first and foremost concern is the individual employee as well as the safety of the travelers in the system. We want to help those who may have a serious problem with drugs and give them an opportunity for rehabilitation and help without losing their jobs. So the rule certainly exists for the safety of these union members as well as the public at large.

Several weeks ago I proposed to seek legislation to give the Department authority to regulate directly the conduct of railroad employees who have safety-related responsibilities.

I also proposed a comprehensive program for DOT employees that includes extensive drug awareness and education campaigns, rehabilitation assistance and drug testing for approximately 26,500 people like air traffic controllers and aviation inspectors who are in critical safety and security-related positions.

We are also in the process of issuing a regulation which addresses preemployment, post-accident and random testing for commercial airline pilots and crew and for other employees directly responsible for the safety of flight operations. I recognize that testing is a sensitive issue which must be handled in a careful and sensitive manner if we are going to maintain the greatest respect for individual dignity and privacy as we move through the process.

To fight drug abuse on the supply as well as the demand side, we propose increased funding for the Coast Guard to continue its drug enforcement activities while at the same time fulfilling its important search and rescue and other missions.

The 1988 budget continues to reflect my commitment to safe, efficient and drug-free transportation. It also reflects commitment to fiscal responsibility. Although the proposal includes expanded funding in some areas, it will not pose an additional burden for the general taxpayer because the proposed budget is 85 percent user fee financed as compared to 66 percent in 1986 and 1987.

PREPARED STATEMENT

Mr. Chairman, I appreciate the opportunity to make these remarks this morning to talk a little bit especially about the safety area, and I will be happy now to respond to any questions.

Senator LAUTENBERG. Thank you, Madam Secretary.

[The statement follows:]

STATEMENT OF ELIZABETH HANFORD DOLE

Mr. Chairman, it's a pleasure to be here with you today.

When I became Secretary, I pledged to make transportation safety my highest priority. Fulfilling that pledge has been richly rewarding, but has had its frustrations as well. That's because safe transportation is something most of us simply take for granted. Every day we hop on a plane, train, bus or car and complete our journeys without a single mishap. The only time we really focus on it is when something is wrong. How many times, for example, have you turned on the evening news to hear a lead story like "Today, some 15,000 scheduled and non-scheduled airline flights carried one million passengers to their destinations without so much as a minor incident?" Not often.

Good news like this is too seldom reported. Yet, almost 400 million passengers traveled 302 billion miles in 1986 on the major scheduled carriers without a single fatality. So I hope you won't mind if I take a few minutes to relate some good news today along with the highlights of our 1988 budget proposal.

To intensify our aviation safety programs, I ordered in 1984 14,000 additional inspections of the Nation's airlines and an 18-month top-to-bottom review of the general aviation industry. We have increased the air carrier inspector workforce by more than 60%, far exceeding the high water mark of FAA history. In the fall of 1985, the FAA completed the Project SAFE Report, a comprehensive review of its safety inspection system including inspector tasks and work functions. Among the most important findings was the need for greater standardization of the FAA's inspection activities. In the past, regulations have sometimes been applied inconsistently from one office to the next and even from one inspector to another within the same office. To ensure greater standardization in the application of our regulatory requirements, we are revising for the first time in 28 years the entire set of internal handbooks used by our inspector

workforce. We also provided all FAA field offices for the first time with a comprehensive surveillance work program setting the minimum number and types of inspections which should be conducted annually for each operator.

This change in inspection procedures (the intensified inspection program) has led to the imposition of millions of dollars in fines, including the recent $9.5 million settlement by Eastern Airlines--the largest civil penalty ever recovered by the Federal Aviation Administration.

A massive effort is underway to revise and update regulations. In addition, final rules include setting tougher flammability standards for seat cushions, requiring floor level emergency lighting, smoke detectors and automatic fire extinguishers in lavatories, and more hand held fire extinguishers in the cabin; requiring all air carriers to provide basic medical equipment for in-flight medical emergencies; and requiring altitude reporting transponders on all aircraft entering restricted airspace around airports in an additional 14 major cities by December 1, 1987. We are currently reviewing extension of the transponder rule to additional cities.

The Department's 1988 budget will continue these efforts to make the safest system in the world even safer. We are requesting an FAA budget that is 20% higher--almost one billion dollars more--than in FY 1987. It includes an increase of 225 additional air traffic controllers to bring the workforce to a minimum of 15,225, 178 more aviation inspectors, increased security staff and improved communications. We are requesting a 68% increase over what Congress provided for FY 1987 to continue the NAS Plan. 90% of NAS Plan projects will be underway by September 30.

We also propose to fund the Airport Improvement Program at $1 billion for FY 1988 and to restructure the program to focus on critical safety, security and capacity needs.

The Department's proposed 1988 Budget and FAA Reauthorization Legislation are designed to ensure that local airports have the funding they need to

expand capacity while at the same time providing airport operators with increased flexibility and authority. For example, airports that wish to be self-financed would be allowed to withdraw from the AIP and assess their own passenger facility charges, in addition to landing and other fees they currently levy. This change would give airport operators more discretion in meeting their capital needs.

On our highways, more people are buckling up than ever before. In response to the Department's automatic occupant protection rule, state mandatory seatbelt laws covering 150 million people are on the books in 24 states. Prior to the rule's announcement, no state had a belt use law. For the first time in the 15-year history of rulemaking on automatic occupant protection, we have a rule in place that is actually saving lives. And last year, President Reagan signed an Executive Order, sponsored by DOT and DOL, requiring over five million Federal Government employees to use seatbelts while on the job.

To reduce the risk of rear end collisions, we're now requiring high-mounted stop lights for all new cars. We estimate that the high-mounted lights will prevent approximately 900,000 accidents annually when all vehicles are equipped with them.

To protect motorists from the hazards of rail-highway grade crossing accidents, programs like "Operation Lifesaver" have provided valuable education. The Federal Railroad Administration is also conducting the largest rulemaking in its history, a major safety inquiry into communications in the rail industry, from effective radio use to satellite technology to automatic train control.

Our Motor Carrier Safety Assistance Program, or "MCSAP", has helped the states toughen their enforcement of motor carrier safety standards. The number of state inspectors trained under this program will increase to 4,000 by the end of this fiscal year. We doubled the number of Federal

inspectors. And in an era of budget cutting to reduce deficits, we asked last year for a 200% increase for MCSAP.

Rulemakings are currently underway to prohibit commercial drivers from holding more than one license and to establish minimum national standards for a classified truck driver license system. We are also comprehensively reviewing all motor carrier regulations and conducting a nationwide inspection of all carriers to review their safety fitness.

Our 1988 budget will continue these efforts to ensure the highest standards of rail and highway safety at the same high level of funding. We seek continued funding for key safety programs and activities, including MCSAP, intensified efforts to combat drunk driving, the national occupant protection program and vigorous enforcement of Federal railroad safety laws and regulations.

A safe, efficient transportation system is critical to American global competitiveness. Transportation averages 25% of the cost of a delivered product. Regulation adds an average of 20-40% to that transportation cost. The economic deregulation of the airlines, for example, has saved American consumers and producers billions of dollars (Brookings estimates $6 billion a year), while at the same time, the safety record has continued to improve. 1986 was one of the safest years ever. The aviation fatality rate has been more than cut in half for scheduled and non-scheduled carriers, and it has dropped by more than one-third for commuters since the 1978 Airline Deregulation Act. Similarly, the deregulation of the Nation's railroads has resulted in an improved safety record. It enabled the railroads to earn the revenues and attract the resources necessary to reshape their infrastructure into a safer system. 1985 was the safest year in railroad history. 1986 showed a 21% improvement over 1985.

Deregulation has revitalized an industry that was on its knees prior to the Staggers Act. Deregulation, for example, was a major reason for Conrail's turnaround and recent profits. I've been working with the investment

bankers these past weeks to price the public offering of Conrail's stock. The preliminary registration statement was filed with the SEC on February 13. In a very short time, the largest initial industrial public offering in U.S. history will take place. The sale of Conrail will produce an enormous sum for the Federal Treasury and reduce the Federal deficit.

At the same time, thanks to the efforts of the Appropriations Committees and others, we're in the process of handing the keys to National and Dulles Airports to a regional authority. The new authority will finance $700 million -- and will do so through revenue bonds, like every other airport in the country -- for much-needed airport improvements that the Federal Treasury cannot afford. This will give the Nation's Capital the first class facilities it deserves.

But in looking to the future, we won't be prepared for the 21st Century unless we can compete in space as well as by land, sea, and air. For three years, we argued at every level of government that the Federal monopoly in space must be ended. Last year, the President gave the private sector the green light when he announced that routine commercial satellites would no longer be launched by the space shuttle. Companies with over twenty years of experience manufacturing rockets for the Federal government will now be able to launch satellites at a lower cost and more efficiently than the government could ever hope to do. The shuttle itself is now freed to perform more important exotic missions -- manned space, the space station, and planetary exploration. It's exciting to watch this new American industry moving out to compete against the French, the Chinese and the Soviet Union.

Nothing can more undermine our ability to compete internationally, or pose a greater threat to safety, than the scourge of drug and alcohol abuse. Drunk drivers claim thousands of innocent lives every year. We've joined forces with concerned citizens all across this country to focus resources and attention on getting the drunk driver off the road. And in 1984, we began

an assault on the Nation's "blood borders" by supporting legislation which requires that some highway funds be withheld from states with a minimum drinking age below 21. We've struck a blow at the number one killer of young Americans. Today, 43 states have Age 21 laws. About 700 lives were saved in 1984 and another 700 in 1985 by raising minimum drinking ages.

As a result of your hearings, Mr. Chairman, I know you are particularly familiar with the recent Amtrak/Conrail tragedy where Conrail employees tested positive for marijuana. That test could not have been conducted without a tough new alcohol and drug testing rule we implemented early last year. The terrible irony is that rail labor has fought such a rule for twelve years, and is fighting to stop it in the courts even as I speak.

The rule exists for the safety of the unions' own members as well as the public at large, encouraging employees to get help for a serious problem, without jeopardizing their jobs. I urge rail labor to work with me in a fight which, if we lose it, can have no winners.

Several weeks ago, I proposed to seek legislation to give the Department authority to regulate directly the conduct of railroad employees who have safety-related responsibilities. I also proposed a comprehensive program for DOT employees that includes extensive drug awareness and education campaigns, rehabilitation assistance, and random drug testing for those approximately 26,500 people--like air traffic controllers and aviation inspectors--in critical safety and security positions. We are also in the process of issuing a regulation which addresses pre-employment, post-accident and random testing for commercial airline pilots and crews, and for other employees directly responsible for the safety of flight operations. I recognize that testing is a sensitive issue that must be handled in a careful manner, and we will maintain the greatest respect for individual dignity and privacy.

To fight drug abuse on the supply as well as the demand side, we propose increased funding for the Coast Guard in the 1988 budget to continue its

drug enforcement activities while at the same time fulfilling its important search and rescue mission.

Our 1988 budget continues to reflect my commitment to a safe, efficient, alcohol and drug-free transportation system. It also reflects commitment to fiscal responsibility. Although the proposal includes expanded funding in some areas, it will not pose an additional burden for the general taxpayer. Our proposed budget is 85% user fee financed as compared to 66% in 1986 and 1987.

As to programs in each transportation mode:

FEDERAL HIGHWAY ADMINISTRATION

For Federal-Aid Highways, we are proposing a program at $13.4 billion per year, 1987-1990, to fully utilize tax receipts, including anticipated increases from repeal of current exemptions on gasohol and other special fuel, buses, and state and local government vehicles. Our proposed legislation would include a combined Interstate, Interstate 4R, and Primary program and a block grant, limited to highway projects. Our proposed obligation limitation of $12.8 billion will, with exemptions to this limit, make the full $13.4 billion available for highways and bridges. Without repeal of the tax exemptions, we would propose a $600 million reduction in our original request.

We also seek funding for several key safety programs within the Federal Highway Administration. In addition to $50 million for Motor Carrier Safety Grants, the budget includes $24.7 million for the Motor Carrier Safety enforcement activities (with an increase that provides full year funding for the 150 recently added safety specialists), and $10 million for Highway-Related Safety Grants to help states implement and maintain safety standards.

All of the funding requested for the Federal Highway Administration will come from the Highway Trust Fund, financed by the Federal motor fuels tax and other highway user fees.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

To continue the current programs of the National Highway Traffic Safety Administration, we are requesting total budget authority of $200 million. Appropriations of $90 million proposed for Operations and Research will fund safety programs which include occupant protection, intensified efforts to combat drunk driving, and others. $5 million is included for the continuation of the national occupant protection program, designed to reduce fatalities and injuries from traffic accidents.

For Highway Traffic Safety grants to states, which are distributed by formula, we are proposing an obligation limitation of $110 million. These grants can be applied to a variety of areas, including police traffic services, occupant protection, emergency medical services, and alcohol countermeasures. In addition to the $110 million, $17.9 million of prior year carryover funding is proposed for alcohol safety incentive grants.

FEDERAL RAILROAD ADMINISTRATION

We are requesting no funds for Amtrak or other rail subsidy programs. During the next several months, we intend to study approaches and develop proposals for maintaining intercity rail passenger service where economically feasible, without Federal involvement in Amtrak subsidies. For the Federal Railroad Administration, we propose a total of $63.9 million. This includes $19.5 million for the Office of the Administrator, which funds support for ongoing Federal Assistance programs and the lease costs for Union Station. We are requesting $40.6 million for railroad safety activities. These activities include enforcement of Federal railroad safety laws and regulations, as well as safety-related research and development in

upgrading railroad equipment, operations, hazardous materials, track safety, and safety testing.

URBAN MASS TRANSPORTATION ADMINISTRATION

For FY 1988, we are requesting $1.5 billion as part of a 4-year transit program, again fully utilizing the penny motor fuel tax allocated to transit and including a $130 million general fund appropriation to continue construction of the Washington Metro system. The $1.374 billion grant program would be distributed by legislated formula, as we have proposed in the past, so that a more equitable distribution can be made of these limited resources. Our proposal would permit cities under 200,000 population to use grant funds for transit operating costs. Also included within the $1.374 billion are funds for planning grants, elderly and handicapped grants, administrative expenses, and research, training, and human resources.

We are not requesting funding for a discretionary grants program. Continued discretionary funding, particularly funding for major new rail systems, can result in the development of inefficient, expensive transit systems when transit needs may be accommodated by lower cost alternatives.

FEDERAL AVIATION ADMINISTRATION

For the Federal Aviation Administration, we are proposing a $963 million, 20%, expansion for funding, for a total of $5.8 billion. An increase of $437 million in support for FAA operations includes funds for 225 additional air traffic controllers, 178 aviation inspectors, increased security staff, and improved communications. Our request also includes $1.35 billion for Facilities and Equipment which is a $545 million, 68%, increase over 1987 to continue the replacement of equipment and modernization of the air traffic control system. Procurements under the multi-year National Airspace System Plan will include surveillance radars, microwave landing systems, modernization of towers and centers, and both terminal and enroute weather radars.

The billion dollar airport grant program will undergo structural changes to focus on critical safety, security, and capacity needs. Our proposal includes a state block grant for small commercial, general aviation, and reliever airports and a voluntary defederalization program coupled with authority to levy passenger facility charges.

In recognition of the forthcoming report from the Byrd Commission, we are proposing only a 2-year reauthorization of the Airport and Airway program. This will assure continued progress in operating a safe and efficient system while other options for providing services to aviation are being considered. This proposal continues the existing tax structure and authorizes $10 billion of FAA's costs, the 85% attributable to non-governmental users, to be financed by the Aviation Trust Fund, with the remaining 15% from the general fund.

U. S. COAST GUARD

Funding for the Coast Guard at $2.74 billion, about 6% above the 1987 level, will continue 1987 drug law enforcement initiatives, provide for maintaining and replacing the capital plant and allow the Coast Guard to meet its Defense commitments, including growth of Reserve strength to 13,500. We are proposing legislation to fund $30 million of the $1.96 billion for Operating Expenses from the Boat Safety Account, with the balance of $15 million in that account to be available for state safety grants.

We continue to support legislation to permit establishment of user fees for certain Coast Guard services. While estimated collections of $355 million in FY 1988 will represent less than 13 percent of the Coast Guard's overall budget, user fee authority is consistent with our long held position on the proper Federal role in transportation, the need to have those groups that benefit specifically from Federally funded services pay for a fair share of the cost of these services.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

The Budget estimates include an appropriation of $11.665 million for the St. Lawrence Seaway Development Corporation consistent with provisions of the Water Resources Development Act. We are, however, proposing to amend those provisions to once again permit the Seaway to use its toll revenues to fund operating, maintenance, and administrative costs.

OFFICE OF INSPECTOR GENERAL

For FY 1988, we propose an appropriation of $30.1 million for the Office of Inspector General to assist DOT management in the administration of its programs and operations by conducting the principal audit and investigative functions for the Department.

RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION

Our budget proposes $22.6 million for the Research and Special Programs Administration to fund programs such as hazardous materials operations and research. Within the total, a separate account for pipeline safety, including a combined Gas and Liquid Pipeline Safety Grants program, will be user financed as provided by the Consolidated Omnibus Budget Reconciliation Act of 1985.

The $2.7 million increase above the FY 1987 level will fund additional training, inspection, enforcement, and support of regulatory activities in the Hazardous Materials and Pipeline Safety programs.

OFFICE OF THE SECRETARY

For the Office of the Secretary, we request $68.4 million for the general management and administration of the Department. Of this total $57.0 million is for salaries and expenses, which we are asking you to approve in a single amount, to relieve us from the inordinate workload of administering

15 separate appropriations, as enacted in FY 1987. This amount includes funding of $3 million for support of the Minority Business Resource Center, along with $0.5 million of prior year balances. In addition, $7.5 million is requested to continue contractual research and studies on critical transportation issues. This contracts and studies request is a 124% ($4.2 million) increase over FY 1987. Almost all of the increase will be used for safety and related research necessary to support licensing and regulation of commercial expendable launch vehicles, payloads, and launch sites. Since the President's August shuttle decision, interest has picked up, and commercial satellite companies are seeking launch reservations as early as 1989.

A $3.9 million appropriation for the Working Capital Fund will permit continued development of the Department's accounting and information system.

A later transmittal will request additional funds to finance residual functions of the Interstate Commerce Commission (ICC), assuming enactment of proposed legislation to sunset the ICC, which was included in the "Trade, Employment, and Productivity Act of 1987," transmitted to Congress on February 19. Under that proposal, most of the rail functions, including those of the Rail Services Planning Office, would be transferred to the Department, and economic regulation of other modes of transportation would be ended or greatly reduced. The President's Budget tentatively displays $16.8 million and 249 positions under the Office of the Secretary, pending analysis of organizational options.

The budget includes no funding for the Essential Air Service program, which proposed legislation would terminate in October 1987, one year ahead of schedule.

SUPPLEMENTALS AND DEFERRALS

The Department's Budget request also includes FY 1987 proposals requiring action by this Committee. In addition to supplementals covering increased pay and retirement costs, we are proposing program supplementals to meet

FAA's operational requirements and to operate the St. Lawrence Seaway after April 1, when toll revenues must be deposited in the Harbor Maintenance Trust Fund. With the exception of the St. Lawrence Seaway funds, all these items are to be financed by transfer of unobligated balances or current budget authority. Funds proposed for transfer to finance pay and retirement supplementals will be covered by deferral messages; funds proposed for transfer to finance program supplementals or FY 1988 programs are currently projected to be unobligated when required for transfer, but have been placed under no spending restraints. Several supplementals for liquidating cash and debt reduction are also requested.

AIRLINE DELAYS

Senator LAUTENBERG. Thank you, Madam Secretary. We are joined here today by Senator Harkin.

Yours was an excellent statement, and I know how committed you are to safety in rail, aviation, and highways, and we have worked together on very important matters. I know that you take a great deal of satisfaction, as I do, from the results of the uniform drinking age legislation which passed in 1984. The statistics confirm the effectiveness of this measure, but they do not really portray the story of a family not having to grieve. I take a great deal of pride in that legislation. I once again compliment you, Madam Secretary, on the effort that you put behind this goal. Thank you. I appreciate your excellent leadership on that issue.

Now that we are past that, we will get on to some of the areas in which we might perhaps have a slight disagreement. I know you are concerned, as I am, with the growing problem of airline delays. All of us experience it, and particularly any of us who travel through this busy corridor experience them all too frequently. Delays are up by over 25 percent from year to year. Worse yet, 30 percent of all of the delays are accounted for by the major New York/New Jersey airports.

You announced a series of steps for dealing with the problem late last month, and we want to review some of those with you if time permits. Your initiative, however, does not include having the FAA publish the ontime delay record of individual airlines, and I believe the idea has some merit. At the very least, it would give the traveling public some useful information about who is performing well and who is not and whether it is a universal condition throughout particular airports. I think, also, it would provide an incentive for improving performance by the airlines.

Now, why do you not require the airlines to begin publishing this information?

Secretary DOLE. Mr. Chairman, first of all let me just lay out what was done. In response to your specific question, there is an investiga-

tion underway right now in Atlanta which is designed to determine if there is a routine overscheduling of carriers in terms of the particular slots that we are looking at. If there is a routine overscheduling, then there are certain measures which could be taken under our FAA act. What you speak of is one of the measures that we could take.

So that is underway right now, looking carefully at that airport to determine if there is that routine overscheduling.

Now, at the same time that we are doing that we are also providing antitrust immunity so that the carriers could meet with FAA supervision, as was done back in 1984. Also, this has been proposed by American airlines that they voluntarily meet and try to space out these particular slots where there is a problem. So it is moving on both fronts, and hopefully the carriers will be able voluntarily to eliminate some of the problem.

At the same time, FAA is very much at work trying to provide some measures that will be helpful, such as the east coast plan, the tiger teams, and I will be glad to get into what FAA is doing on a more extensive basis if you would like.

The fourth prong of this, I would add, is that in the fiscal year 1988 budget I am asking for an increase in total FAA funding of 20 percent. There are a number of measures included, particularly with regard to airport grants where we will provide more discretionary money and less formula money to put the incentive on capacity. So we are encouraging the growth of airports where it is feasible along with these other measures.

AIRLINE ONTIME RECORDS

Senator LAUTENBERG. The thing that I think we could do, however, is publish ontime performers. Do all airlines not keep records of their departure delays and the number of flights, the number of movements, fairly consistently?

Secretary DOLE. Yes.

Senator LAUTENBERG. Why could we not then ask them to make public that information as we search for better ways of dealing with this? I applaud your effort in that regard, but I think in the meantime it would be very helpful to kind of remove, if it is groundless, suspicion that flights are constantly delayed. At least let the traveling public know what is taking place.

I fly a couple of times each and every week, and it seems to me that on a routine basis there is almost never an ontime departure, and there are delays in good and bad weather. It is hard to see what the factors are, but at least if we see a reporting, the public will know which airlines support the reputation that they often advertise, such as more ontime departures, and so forth.

Secretary DOLE. Mr. Chairman, that is one of a number of measures that could be taken, so, yes, that is certainly something that could be done. We have tried to look at all the options and put together a plan that seems to be the most efficient way to quickly try to resolve the delay problems, especially before we get to the late spring and summer season when it will be exacerbated.

The investigation is one of those measures. This is something that could well follow. We have been using our judgment to decide how to do this. We felt the best way to pursue it was an investigation starting with Atlanta as well as encouraging a voluntary effort to sit down really quickly and space out these flights where there is a problem. That is certainly another measure that could be taken.

Senator LAUTENBERG. You have the ability to make that kind of request for the airlines to report that information?

Secretary DOLE. There are a number of things that could be done, yes, and that is certainly one that could be required.

Senator LAUTENBERG. I would appreciate your taking a real good look at that and see if we can do something fairly quickly.

Secretary DOLE. We are pursuing the four-pronged approach, and we are trying to move quickly on the investigation.

ANTITRUST ACT WAIVER

Senator LAUTENBERG. One of the problems with the proposal that you have made about having the airlines get together is the waiver of antitrust restrictions to permit the airlines to collaborate on that scheduling.

Are we concerned at all, Madam Secretary, with some of the anticompetitive problems? Are the airlines going to be sitting around the table and saying, OK, look, we have to divide up these departure times, and we vote 3 to 1 that you reduce yours, or something of that nature?

Secretary DOLE. No, Mr. Chairman, this is not something that we are concerned about. The FAA will be monitoring those meetings. This was done very successfully in 1984, and I just do not see that as a problem.

Senator LAUTENBERG. Does the Justice Department share your views?

Secretary DOLE. No; Justice apparently seems to be anticipating much more of a restructuring than we are anticipating. This is a matter of sliding some of the schedules by minutes, not by hours. It is a matter of spacing them out. It was done successfully in 1984, and I feel this is certainly one way to begin to alleviate the problem. It can be done quickly and efficiently with FAA monitoring. I do not see a possible problem of discussing other issues that are forbidden because the FAA will be right there monitoring.

You know, this is not a panacea. It is not going to solve the problem by itself, but it is an important initiative which can be undertaken immediately that will certainly help to alleviate some of the problem as the FAA moves forward with things such as the east coast plan and other initiatives and we try to determine from the investigation if indeed other measures are needed.

Senator LAUTENBERG. The FTC, I also understand, raised a concern about it.

Secretary DOLE. Yes; and I believe they did in 1984.

Senator LAUTENBERG. Are you able to march ahead despite these objections? What do you suggest the Department do to support its view in this case?

Secretary DOLE. They simply file their view, and we make the determination, but I do not believe that there is a problem there. As I say, both FTC and Justice did file similar statements in 1984. FAA is there. They are monitoring constantly. It is not a matter of a massive restructuring. It is simply they are sliding their schedules a bit in terms of minutes, not major restructuring.

Senator LAUTENBERG. No one is going to be making decisions about who services a given airport at which times? They are not going to be redistributing the departure slots of that nature?

Secretary DOLE. No; it is a matter of trying to space out the schedules at the most popular hours where there appear to be more scheduled than an airport can handle.

REHIRING FIRED CONTROLLERS

Senator LAUTENBERG. One of the debates or a running debate, perhaps better described as a walking debate because we are not getting very far very fast, is our difference on the structuring of the air controller population necessary to keep up with the traffic requirements. This is not a new subject, is it, Madam Secretary, about rehiring the talent that is available?

Secretary DOLE. Right.

Senator LAUTENBERG. I read and I hear constant criticism of the reported population in terms of its ability to perform the task, and so forth. We talk about definitions, what constitutes it, FPL's and what the measurement is.

Now, I have been a strong proponent of selective rehiring of those who perhaps belonged to PATCO in the past, and I say perhaps I am not targeting this. I am not looking, as I think you know, to reward in any way the people who struck illegally. They have paid the price. They have been out of work for a long time.

Frankly, it is the only source of experienced, fully qualified personnel that seems to be available. We can dispute whether or not they are up to grade in terms of new technologies and so forth, but we do know these are people who were temperamentally and functionally able to do that job. We make an assumption that they are also trainable if there are major changes in that system.

The administration, however, has been adamant in its refusal to consider this action, and one of the major arguments that you and others made against my proposal concerns its supposed negative impact on the current work force.

We have been told repeatedly that the process of rebuilding the controller work force has gone smoother. The controller work force, even though it contains a lot of relatively inexperienced people, is managing the traffic without any difficulty, and reports by GAO and others that talk about stress and strains of the job are grossly exaggerated.

The fact is that we do not have the team necessary to do the job. There is a question about what constitutes the controller work force.

One of the things certainly that has emerged as a result of stress and fatigue problems on the job is the possibility that there is going to be another union effort to organize or another effort to organize the controllers. That says something about their morale. That says something about their view of the job. And that says something about the condition that they feel exists in the workplace.

Now, what, therefore, have we proven by this unwillingness to reach into a pool of known talent that we need?

Secretary DOLE. Mr. Chairman, first of all we do have to disagree on the appropriate number. I have said to the FAA Administrator my view is that we will provide whatever he feels is needed in the way of the proper number of air traffic controllers.

I did announce a year and a half ago an extra 1,000 would be added to the system over and above the number that had been set out for prestrike recovery, and we will reach that number by the end of this fiscal year as was planned, which also is the goal now that Congress has asked us to focus on, the 15,000. I am adding in the fiscal year 1988 budget another 225 controllers based on projections of what air traffic will be. This is something that we constantly look at and assess as we move along.

IMPACT ON MORALE

Let me just mention a few things on the issue of the controllers. First of all, in traveling the system I have many times asked to meet with the controllers without management, just to spend an hour with them and talk through what issues they are concerned about and try to be responsive to their concerns.

I have asked the question on occasion. I have said that there was legislation pending, and what do the controllers think about bringing back fired controllers. I said obviously the administration is not taking that position, but I personally just asked the question, how do you see it. Some would say no problem. Others would say do not do it because there is no way, even if you can find a way to selectively bring back some, obviously you cannot bring them all back.

First of all, let me just assure you that we feel we do not need to bring them back in terms of the numbers, but if you can select some out and bring some back, the answer that I got from many of the controllers was that it could really be disastrous in terms of morale, and if it were, then you have disrupted your entire system.

I guess that question cannot be answered until it is actually tried, but if indeed it did disrupt morale, then you have a heck of a problem. GAO did a survey and found in their survey that 60 percent of the controllers said the same thing, that they did not feel the fired controllers should be brought back. Eighty-five percent of the managers said they did not think they should be brought back. Our own FAA survey showed the same kind of numbers.

So when you look at that question, it simply cannot be answered. If it did happen and there was an enormous morale problem, then you have an almost unresolvable problem.

There would also be a necessity to provide additional training. Because they have been out 5½ years now, it would take a considerable amount of time, I understand in some cases 2 years, to provide the training. So it is not a matter of just being able to say, OK, go back to the scopes. There would be training necessary.

FULL PERFORMANCE LEVEL

So those are a few of the reasons why I feel the bottom line is better to follow what we are doing. We are increasing the numbers. Even at centers, where most vacancies exist, we are now at 90 percent of our staffing standard across the country. That is the average, 90 percent, and at towers we are close to 100 percent.

In terms of the full performance FPL's, as you say there has been some discussion of what the definition is. I will be glad to go into that if you would like, but GAO, as I understand it, would include supervisors in that FPL number, which are not included now. We are at about 71 percent overall and have reached the 60 percent minimum at 180 of our 190 centers and level III towers. We anticipate by the end of the fiscal year that the number will be higher.

By the way, may I make one clarifying statement on FPL's? It worries me when we use FPL's as a measure of safety. A person who is not an FPL is fully qualified on any sector which he is managing. In other words, he may be the best in the business in that particular sector that he is managing, and because he is not working the other sectors, there is no safety problem. It is that once you are full performance, then you are capable of covering any of the sectors, and it provides the supervisor with more flexibility.

I think we can mislead by using FPL's as a measure of safety. The person who is doing that one sector, say, that is the only one that he is fully qualified on, and he is not FPL, then he could be, as I say, the best in the business on that particular sector. It is just that he is not yet checked out on all sectors.

Senator LAUTENBERG. The question goes somewhat beyond that. You have heard me say before I fly a lot in small airplanes. I visited the towers. I have visited a couple of towers, and the instructions we got for landing were very bad. I was on the radio with one of the controllers in the tower, and he was cussing everybody out. They were making inquiries, and I got on the radio. He did not know that I worked for the same government, and he said get off the line, you are crowding up the airways. I am very sensitive to that.

I went up in the tower. He said, well, you know, we are just too busy. There is too much pressure. I said if you feel that there is too much pressure, if you feel too much stress, then either you ought not to be doing this job or we do not have enough people up in this tower to do it.

Full performance level controllers do go simply beyond knowing the geography or the airspace that is being covered. There is an assumption about a whole series of functions that people perform in those towers,

and in one case I think there was a question about whether the controller at Teterboro at the time of the air collision there was qualified to do the job that he was asked to do at the moment.

There was a failure in the system, as you know, if you remember. There was supposed to be a redundance message about where this airplane was going, and he did not realize it was there. It is a fairly complicated piece of business. An FPL controller is something different, and I can understand why FAA continues to use that as a measure as to whether or not they are appropriately staffed.

We will go on with other questions, Madam Secretary.

Senator D'Amato.

Senator D'AMATO. Thank you. I have a number of questions which I would like to submit for the record, if I might, because I know time will preclude me from asking all those questions.

AIR TRAFFIC CONTROLLER INCREASE

Madam Secretary, I would like to pursue, if I might, the matter of air traffic controllers. I note that before the 1981 strike there were 16,400 air traffic controllers. Now since that time, air traffic has increased dramatically, passenger miles up almost 50 percent, passengers up 45 percent, and departures up 19 percent. I think that is the important statistic, so we are talking about an increase of some 20 percent in terms of flights.

What concerns me is the fact that, notwithstanding the request for an additional 225 for the new fiscal year, this still puts us well below the level of 16,400.

Do you really feel that the increased traffic volumes can be supported by 7 percent fewer controllers?

Secretary DOLE. Let me go back to the 1981 situation. At that time Drew Lewis, who was Secretary, and Lynn Helms laid out a plan for recovery. They felt there was an excess number in the system at that time, and 14,308 I believe was the number which they laid out as the appropriate number for recovery from the strike. That number was reached in February 1985 on target as was laid out, but due to attrition it had dropped back to 14,000 by September 1985.

At that time, looking to the growth and the future of the system, I decided we should add another 1,000 controllers, which would hit 15,000 by the end of this fiscal year, and we are going for another 225 beyond because we are anticipating, as you mentioned, a growth in the system.

The NAS plan also impacts on this because as we move to the highest levels of automation we are replacing this old tube-type equipment, which gave controllers much less data and obviously required a great deal more manpower to maintain it than the new automated equipment. With the new state-of-the-art equipment, as this is moving forward, it means that you can then ultimately manage more traffic with fewer controllers.

This project, the NAS plan, is the most complex, nonmilitary project since the Apollo project. It is moving forward. As a matter of fact, the host computers have been delivered. The first is Seattle. That is moving forward, and that is a key element, of course, to being able to improve the system.

Senator D'AMATO. That is a 10-year plan, is it not?

Secretary DOLE. We are 5 years into it. Ninety percent of the projects will be underway by the end of this fiscal year.

Senator D'AMATO. Let me say this. I do not claim to fly as frequently as my colleague from New Jersey, the chairman, but I do have occasion to be in the New York Metropolitan flight region rather often, and sometimes it is a frightening experience. It is difficult at best.

I have received complaints and petitions from many who are charged with the management of our airways, the workers in particular. I am going to suggest most strongly that you review and take another assessment of the situation. I do not believe that 225 additional controllers really will meet what has already been a substantial increase in air traffic and the projected growth. We are talking about numbers, 225 nationwide, and parceling them out means a handful at the major New York traffic centers, not to mention the other areas on the West Coast, O'Hare, Atlanta, et cetera.

The need is pressing, and I would just hope, Madam Secretary, that you would make another assessment of this area because it is an area about which I know the chairman is concerned, and I am very much concerned. I would hope that we do not get into a situation where we are trying to be so finite with the numbers.

I know dollars are limited; but I also know your strong support for air safety. I believe it is essential to increase the number of air traffic controllers. I think that a doubling, at least, of the budget request, bringing it up to an increase of 500, would be more appropriate. I think such a level would receive overwhelming support by the Congress. It would certainly help the work force.

Secretary DOLE. Let me assure you that there is a continuing assessment, and I appreciate what you are saying. Indeed, this is something that we continually assess, watching the traffic numbers and assessing where we are. I will be happy to work with you.

INCREASE OF 225 VERSUS 500 CONTROLLERS

Senator D'AMATO. I am going to ask that you be more specific and reply to my suggestion that the number be increased not by 225 but by 500.

Secretary DOLE. This was looked at very carefully, believe me. It was very carefully reviewed as we prepared the budget. As I say, we continue to review it. I will be happy to respond specifically. We are trying to utilize the traffic projection numbers, and as I have said to the FAA Administrator, whatever you need, you get.

Senator D'AMATO. I must suggest to you, and I do not mean to be rude or impertinent, but I will suggest to you that the FAA Administrator does not at all impress me.

So let me ask you this way. I would like to see a study. I would like to know what objective study is being used to establish that 225 are all the additional controllers we need.

We are talking about the nation's safety. I fly the skies. I am tired of OMB Director Miller and his minions cutting the budget so closely that we say 225 are all that we can afford. Anybody who has flown recently and talks to the people in the field will find out that FAA is having one tough time keeping the system together.

If anything we should hire more than we need so that we can address pressing needs in one facility or the other.

Now, I did not want to get into this with you, Secretary Dole, because I have great respect for you, but I do not for the FAA Administrator. I think he is not doing the job—and Lynn Helms, he was a disgrace, an absolute total disgrace. So I do not have the kind of confidence that I might otherwise in this plan.

We are just putting our fingers in the dike. It is the wrong way to approach this problem. I am sorry that I had to tell you in this manner, but I attempted to get better assurance from you. I am not satisfied with the way I see this situation being handled.

EFFECT OF INCREASE ON FPL RATIO

Secretary DOLE. One thing I think we have to be very careful about as we proceed is that we not, in terms of trying to meet a certain goal, in any way undermine the careful, thorough training and the procedures that ought to be followed.

I would just caution on this. We have a goal of 60 percent——

Senator D'AMATO. If there needs to be additional resources at the training school—and we went over this last year—by God, let us put those dollars there. We will come up with the funding. The members of the Appropriations Committee will make those dollars available if we have got to go out and hire the people who are responsible for training.

Secretary DOLE. All I am saying here is, to add this to the discussion, is that as you put more people into a training program, then you are broadening the base and making it a more difficult assignment to reach the ratio of FPL's that the Congress has laid out, 60 percent by the end of this fiscal year.

And we have to realize that and understand that we are not going to in any way short-circuit the system to meet a goal. We are going to do everything possible. We will meet the 15,000. We will meet the 70 percent. Sixty percent is going to be difficult to do, because as we add more controllers——

Senator D'AMATO. Are you saying that if you were to add, for example, 500 instead of 225 for the next fiscal year, that in some way would inhibit training or meeting the goal?

Secretary DOLE. I am just saying as far as the full performance level ratio that, as you add more into the training program, you do broaden the base, which means that it is harder to reach that goal. This is just a separate kind of comment.

But as long as we are laying out problems, I just want to focus you on that.

Senator D'AMATO. I think the Congress would understand that, Madam Secretary. If you were to report to the chairman that, as a result of the additional 500, that the goal of 70 percent is not going to be met, we would understand that.

Secretary DOLE. There is also the issue of quality training time at the facilities. In other words, if we start pumping them out so fast, you know, there is just a certain set of criteria that we have got to meet in terms of making sure that they have the quality training time and all the rest.

But I understand your concern and, as I say, we will continue to assess the situation.

MARITIME TRAINING SHIP

Senator D'AMATO. Let me move to a much more mundane situation, the maritime training ship. Let me tell you about a sorry saga. In the fiscal year 1984 supplemental, Congress provided $8.5 million to purchase a state maritime training ship.

The fiscal 1986 supplemental overturned a proposed deferral of those funds. The question is, after the saga of 30 months, when will the ship be purchased? When will Mr. Gaughan stop being the minion of OMB?

I sent him a letter February 4. I said: "Dear John." He does not even respond to my Dear John letters. I said: "16 months have elapsed since the maritime people sent the message that the interested parties requested to buy the ship."

OMB just does not want to follow congressional instruction. It is an outmoded old ship. Do we really need another disaster on the seas? We are only putting $4.5 million—that is what you are spending in maritime—to keep this old tub afloat.

It does not make sense. They have already wasted about $13 or $14 million in keeping an old ship afloat because they do not want to spend $8.5 million.

Madam Secretary, I would really just like you to please speak to Mr. Gaughan. Tell him to pick up a phone and call me. Tell him to give an answer, because I am going to go down there and make a personal visit.

Secretary DOLE. May 1987, that is the selection date that we are looking at.

Senator D'AMATO. May 1987?

Secretary DOLE. We have two offerors, as you know. They have been slow in providing us the data, so we need to light a little fire.

Senator D'AMATO. You know, they could go bankrupt because they did not want to buy a ship that was there, and they deliberately let them go bankrupt. You know that story.

It has been a carefully contrived operation by OMB to say, despite congressional intent, we are not going to buy the ship. Now we say May 1987. I am sure there is a date there picked out so that they can create another objection to this.

Secretary DOLE. The offerors have been slow in providing the data. So if we can get that data, maybe that can be moved up. But there is a problem in getting the additional information the Maritime Administrator needs to make the decision.

Senator D'AMATO. I think maybe this Senator has to pick out a program which the Maritime Administration and the Office of the Secretary wants most, and see to it that it is slowed down, because this is what is taking place here.

There has been absolutely no cooperation. I would hope you would personally review this matter and see if you cannot get some action.

Secretary DOLE. I will be happy to see that it will be expedited.

Senator D'AMATO. It has now become a personal matter.

Secretary DOLE. I see that.

Senator D'AMATO. I thank you, Madam Secretary. And I thank the chairman.

Senator LAUTENBERG. Thanks very much.

Senator Harkin.

Senator HARKIN. Thank you, Mr. Chairman.

HIGHER AIR FARES IN MIDSIZE MARKETS

Madam Secretary, I would like to pick up a little bit on the airline industry but with a different slant, perhaps, than what the chairman and my colleague from New York were talking about. Madam Secretary, in many city pairs between middle-sized markets there are only one or two air carriers, and the chance of additional air carriers entering the market appears to be declining.

For example, in Iowa the Des Moines Chamber of Commerce has the strong belief that United and American Airlines, the only two that service Des Moines, have established very high fares on the Des Moines to Chicago route—in fact, it is up to about $1.40 per passenger-mile, three times what it would be if you went from Des Moines to New York.

Now, airline fares are one of the elements of doing business. And an economic structure that systematically provides higher fares for smaller communities discriminates against the entire state of Iowa and a very large portion of the country.

In other words, since it is a basic cost of doing business, if we have a system that not only allows but in fact encourages a higher rate structure and fewer carriers between middle-sized cities. That discriminates against businesses trying to locate or expand there, and it pushes the whole concept of doing business to our larger metropolitan areas.

As you know, there is no regulation of fares on domestic routes. But we may be seeing federal policies exacerbating the problem by freely allowing anticompetitive situations to develop, and actually promoting this anticompetitive situation by allowing some mergers that reduce competition, regulatory decisions that affect the ability of new or different airlines to enter the markets, and by the way the air traffic system is maintained, including the air traffic control system that Senator D'Amato is talking about.

Now, we have a real problem because it is a basic cost of doing business. If we have a structure that systematically provides for higher fares between cities like Jackson, Miss., and Albany, N.Y., and Cedar Rapids and Des Moines, then what it does is discriminate against that entire state in terms of business growth and business activity.

And I just bring that to your attention and ask for any thoughts that you might have, without trying to elicit any specific answer, just your thoughts on whether or not your Department has focused on this issue, if you have a concern about that, and what your Department is doing in terms of looking at what it means to the business climate in these states.

Secretary DOLE. And I discussed this actually with the DOT officials in Iowa some months ago. We find that in many communities, Senator Harkin, there has been a pickup of that service by smaller carriers, commuters that are better suited to go into smaller communities. It is the kind of equipment they use.

But I understand what you are saying about the situation in Iowa.

Senator HARKIN. Excuse me. I am not talking about the little towns. I am talking about, as I said, Des Moines, Albany, N.Y., Jackson, Miss.

ENTRY BARRIERS TO AIRLINE COMPETITION

Now, here is why a small airline will not get into the Des Moines-Chicago market. The small airline comes in. United and American, which are very big and very powerful, just cut their rates. They just cut them down so low that no small carrier can compete.

If they come in, they are in there for a month or so, and they are out of business. Or perhaps they will just look at it, and know that the threat exists there that the rates will be cut way down and they will not be able to compete.

Secretary DOLE. Right, I understand what you are saying. And what we are doing now is we have undertaken a review which will be on a short timeframe, not something long and drawn out, just to look at—this is not in any way to second guess what we have done, because we have merger by merger gone through very carefully on a case-by-case basis looking at whether there would be a significant lessening of competition, whether it would be in the public interest to go forward or not, to permit the merger to go forward.

We have looked especially at whether there might be entry barriers, what the opportunities are for new entries, et cetera. So we have done that carefully.

But what we are interested in finding out is just looking at the situation now in terms of integration of work forces and what the market looks like, you know, just analyzing the current situation, to utilize whatever we might gain there for future merger review.

So that is underway now. We anticipate doing that in, I would say, a 6- or 8-week timeframe. And I will make certain that we focus on the issue that you raised.

Senator HARKIN. You are reviewing the whole merger and acquisition business as to its anticompetitive effects, not only in the airline business itself, but as I said in the other areas of basic business growth and economic activity?

Secretary DOLE. The study—well, there are three main areas of concern: the competitive issues, such as market share analysis; operational issues like impact on labor, consumer complaints, and changing service patterns; and financial issues.

Senator HARKIN. That sort of dances around what I am talking about. Could you maybe just——

Secretary DOLE. I will make certain that we focus on the concern that you have.

Senator HARKIN. It is a major cost of doing business. If there is really that discrimination and they look at business growth and activity, they would say, why should we even think about Des Moines or someplace like that; go someplace where we can get in and out where the fares are much cheaper.

I wish you would look at that. The other thing that concerns me—again, all of my questions on the airlines have to do with the anticompetitive aspect that seems to be emerging, and that has to do with the slots. The chairman raised the issue of the schedules themselves. I am raising another parallel issue, and that is the whole slot issue.

AIRLINE SLOTS

You have developed a policy which provides that slots should be effectively owned by the airlines, rather than controlled by the FAA. And the Department is moving toward the policy that airlines would negotiate the times of arrival, which the chairman was talking about in terms of the schedules.

This could also limit the ability of a new carrier to enter new markets and effectively compete. My question is, how much weight is the Department placing on possible anticompetitive effects of the decision to allow slots to be owned and regulated by the airlines themselves?

Secretary DOLE. I would be delighted to provide information for you on that. This was a very, very difficult thing to deal with. We looked at so many options, and when the options came forward from my staff I said, send me everything, I want to see everything that you looked at, not just those that you felt were the best options, let me look at the whole scenario here.

And it was an extremely difficult thing to deal with. I do feel that we came out with the best answer to a difficult problem. But believe me, if somebody has a better answer I would be happy to hear it.

It is a very difficult thing. Now, as it has turned out, it has been moving smoothly. In other words, as I see it, at this point it is one of these issues where if it ain't broke don't fix it, because we have had some exchange there, but it has moved smoothly.

We do not find evidence that it has worked against new entries or against small communities. So I really believe that the buy/sell rule just at these four airports that are high-density airports is working smoothly.

I understand there is some interest in the Congress about trying to change it, but it appears that it has not worked against new entrants or small communities.

Senator HARKIN. You are talking about the slot issue itself?

Secretary DOLE. Right, the buying and selling of the slots at the four airports.

In terms of declaring other airports high density and utilizing buy/sell, no, there is absolutely no intention of declaring more airports high density.

Senator HARKIN. What you are telling me is that you have looked at the slot issue, and that from all indications you have, it has not kept out competitive airlines from coming in?

Secretary DOLE. That is right, at four airports. It only applies to four, the buy/sell rule.

Senator HARKIN. Chicago is one?

Secretary DOLE. Yes; it is. It is O'Hare, La Guardia, JFK, and National.

Senator HARKIN. I wonder, when you looked at that did you look at it in terms of not just the slots for the major airlines coming in, but what it means to cities like Des Moines or Davenport, and it must apply also to Minnesota, Wisconsin, all those rural states that surround Chicago.

Was that taken into account in terms of the slots of airlines coming from those places?

Secretary DOLE. Yes; and as I recall, there were about four different ways that we tried to provide for those communities as we looked at that. And I will be glad to give you the specifics on that.

I remember that a community could actually buy a slot. There were a number of ways. We kept them in separate pools, the commuters and larger carriers. I know you're talking about the bigger cities, but I'll be happy to share with you anything on that.

It was thoroughly analyzed. It was a very difficult decision, but I'm convinced that we had no better option, and it has been working well.

[The information follows:]

The principal protection for small communities in the buy/sell regulation is the prohibition of the use of the pool of commuter slots by larger aircraft. This ensures that there will continue to be slots available for the smaller aircraft which can economically serve small and medium-size communities. We also provided an initial allocation of slots to new entrants who might have been interested in developing service to communities that were not at that time served from those airports. It is also true that communities are allowed to buy slots which they may then offer as a form of subsidy or lease to carriers for the purpose of serving their communities. Finally, we will ensure that slots are available where necessary for essential air service to eligible communities.

SLOT PRICES

Senator LAUTENBERG. I'm curious, if the Senator would yield for a moment. How many transactions have taken place at these airports? What has been happening with the prices? Have they been going up?

Secretary DOLE. FAA does not actually have the information on prices. It is not something that FAA holds.

Senator HARKIN. We should really know that. Can we not get that information?

Senator LAUTENBERG. It is certainly reasonable, more than a matter of the public record.

Secretary DOLE. In terms of how much they have paid and what kinds of transactions?

Senator HARKIN. What they have paid and how many times they have changed hands, and if the price has gone up and what the selling price is.

Secretary DOLE. As I say, FAA reviews and confirms all valid trades, but it does not keep track of the slot prices, which in many cases are confidential.

Senator HARKIN. It seems to me that is a matter that should be in the public domain.

Senator LAUTENBERG. I think the Justice Department would be interested in that in terms of what its effect is on competition.

But what is the number?

Secretary DOLE. 700 slots were transferred over the first 9 months between April 1 and December 17, and many of these involved leases. Many trades have apparently not involved money.

I will be glad to give you what we have.

Senator HARKIN. I think we ought to have some idea on the pricing for these slots. It seems to me that this should be in the public domain. It is not just a normal business activity that ought to be confidential business activity.

Senator LAUTENBERG. If the Senator would yield, are we looking at a transfer of leases simply as a business transaction, one that provides a return without adding any service, without adding any more convenience to the traveler?

I mean, we simply say, OK, I have four of these assets. I will put them out there on some kind of a bid or auction basis, just solicit a buyer and not consider its value for the community that it services except to increase the income of the particular airline that had it in the first place without regard to the public interest in the slot, that is, that it be used by the owner for developing more transportation.

Secretary DOLE. First of all, let me say I do not have evidence that there has been a problem in this area as far as new entry or small communities or even medium-sized communities. I will be happy to provide for the record and to work with you to provide any data that we have that will be useful to you.

I would just suggest that this may be one that does not have to be fixed, because it does appear to be working over the period of time that it has been in place at these four airports. And if you want to look at all the various options, you will see how difficult this is and how clear it appears to be, after going through so many different possible options, that we have picked the best one.

And we certainly do not anticipate extending it to other airports in the scheduling process. That has nothing to do with that. We're not anticipating more high density airports with more buy/sell.

Senator LAUTENBERG. Madam Secretary, any information that Senator Harkin or others request, I would appreciate having for the committee records.

Secretary DOLE. Fine.

Senator HARKIN. If you could, just let me know what the problems are in terms of finding out what these slot prices are. Maybe there is something I do not understand about that.

[The information follows:]

We consciously decided not to require the parties to the buying and selling of slots to submit information on the considerations, other than slots, that are part of the transactions. The objective of the buy/sell rule is to provide a market-based mechanism which would allow service adjustment to be made with as little government interference as possible. Since we are only concerned with the enforcement of the number of slots operated and whether or not they are operated legitimately, it was decided that it would not be beneficial to be involved in any way in the other aspects of the transaction, including requiring disclosure of the compensation terms.

MERGER REVIEWS

Senator HARKIN. I have one other question about anticompetitive concerns. One of the biggest airline mergers involves Texas Air Corp. and the acquisition of Eastern Airlines. That one company now has, according to my figures, 19 percent of the marketplace in the United States in terms of passenger-miles. That is a lot.

My question is a generic one. What ramifications does the Department consider when reviewing a merger case, number one? Are the effects of the merger upon employees also taken into account?

I think you said that in this upcoming review you were going to look at that.

Secretary DOLE. That is right.

Senator HARKIN. And in this review, are you giving any kind of weight or consideration to where a holding company can use the shifting of routes and assets from one subsidiary to another, like they did from Eastern to Continental, as a hammer against employees demanding wage concessions and that kind of thing?

Secretary DOLE. I think it might be best if I provided a thorough answer for you, Senator Harkin, you know, supply it for the record if that would be all right.

Senator HARKIN. I will draft up this question in draft form and submit it to you.

Secretary DOLE. OK.

Senator HARKIN. I am sorry, Mr. Chairman. Do I have a minute?

Senator LAUTENBERG. Sure you do.

IOWA BRIDGE

Senator HARKIN. Can I make a complete and abrupt and total change out of airlines into bridges? I know you cannot keep track, Madam Secretary, of every bridge in the United States, and I do not expect you to. But we do have a problem in Iowa that concerns a bridge that goes across the Mississippi River in northeastern Iowa.

The bridge was built from the Wisconsin side to City Island near Dubuque. I am sure your staff probably knew I would be asking you this question. They probably have something there for you on this.

You met in December with Congressman Tauke and some officials.

Secretary DOLE. And the Iowa DOT.

Senator HARKIN. I just want to bring to your attention a couple of things. One, the Federal Highway Administration has taken the position that the bridge is finished, but the bridge only goes to City Island and is fed by a temporary span into the city.

From all the reviews I have seen, it was never anticipated that the bridge would end there; it would go on into the city of Dubuque.

In the committee report from this subcommittee in 1986, when Mr. Andrews was the chair of the subcommittee, the report said:

> The Committee directs the Federal Highway Administration to give priority consideration for discretionary bridge funds for final completion of phase 2 of this important project.

Where do things stand now concerning this decision?

Secretary DOLE. Indeed, we have given it priority consideration. I have met twice with the Iowa DOT on this matter, once out in Iowa and once here in my office not too many months ago.

And there is a disagreement as to whether or not the additional aspect was promised at some time past, certainly before I was in this job. We have asked the Iowa DOT, because we want to work with the state to try to resolve this, but the problem is that we have not been able—they have not been able—to find any documents that really identify that some agreement was made to go with the second phase.

The Federal Highway Administration's position is that the agreement was to put the bridge portion over the Mississippi and then this 4,100-foot structure over the Piasta Channel that feeds into Harbor Boulevard, U.S. 16, that that portion of it, the 4,100-foot structure, is just not eligible under the discretionary bridge program.

It involves road work, it involves ramps leading off, and so on that would come under Federal-aid primary funding. And the Federal Highway Administration has suggested to the state that they should apply under that pot of money, that it is not something they can do under the bridge program.

Let me just say, if there is some kind of agreement that was made at some point, obviously we want to honor that. Our folks say there was no agreement; it was the bridge over the Mississippi. I am happy to work with the state to try to resolve this, and we are still discussing it.

But very definitely, Federal Highway has indicated that they just do not see how it can be brought in under the discretionary bridge program.

Senator HARKIN. I am sure that neither one of us are technically able to talk about the engineering studies. I know that the original studies did show that that portion was included. I will grant you that there is sort of a murky area—I hate to use that phrase—going over the Mississippi River.

But I think if you see the bridge and see where it goes, it is just not logical that that would have been thought of as the terminal end of that bridge, where it ends on that little island right there.

I do have some additional information, including a letter which was just written to you last week from the director of the Iowa Department of Transportation. I would like to give to you. It includes information regarding the initial engineering studies and how, even though it may be a murky area, if you look at it logically that this portion ought to be included as eligible for discretionary funding.

Secretary DOLE. I will be happy to receive that, and indeed as far as this committee's direction to make this a priority issue, we have very much tried to comply with that in terms of having several meetings on the issue. There is just a disagreement here that has not yet been resolved.

Senator HARKIN. I have requested that the committee look at this and, Mr. Chairman, with your indulgence, I will request that the subcommittee look into it again this year.

Senator LAUTENBERG. We may rename the subcommittee in the interest of that bridge. [Laughter.]

Senator HARKIN. I would like for your staff to take this.

Secretary DOLE. Absolutely. Thank you.

Senator LAUTENBERG. Thank you.

Senator Kasten.

Senator KASTEN. Thank you.

It is always a pleasure to have the Secretary of Transportation before us, and I welcome her and commend her for the work that she is doing.

AIR VERSUS RAIL SAFETY REGULATION

In the last couple of weeks, both in Commerce and in Appropriations we have had hearings about the situation with the safety on the trains, and John Riley has testified a couple of times with us, with the Federal Railroad Administration.

One of the points that came up I am still not clear on. There evidently is an important difference between the Federal Railroad Administration and the FAA in terms of their ability to go back and to try to deal with employees, as well as with companies, and there is a difference there.

And I would like, if I could, for a couple of minutes to explore that with you. The difficulty that came up at the hearing was, if Mr. Riley identified a safety switch that was broken, that had been improperly manufactured, he would have an immediate recourse going back to the company and to the manufacturer of that switch.

At the same time, if Mr. Riley, or the Federal Railroad Administration, had identified a safety switch that had been deliberately sabotaged by an employee and he was able to identify the employee or the employees who were involved in that act of sabotage, whether it is simply overriding the switch or actually sabotaging it so it would not go off in the case of taping the whistle, he was unable to go back to the employees.

Now, if the same kind of thing happens, as I understand it, with the FAA, they can go back to the companies and the manufacturers if that is where they deem the problems are, or they can go back to the employees if they deem that is were the problems are. And they have, if you will, review over each.

Now, my first question is, Why did it develop in this way? Do you know what the background is and why we decided we need a lesser level of regulation and a lesser level of authority in railroad safety than we do in airline safety?

Secretary DOLE. It was the influence of rail labor at the time that the Rail Safety Act was passed. That influence was so strong that the employee side of it was omitted from the legislation, so we cannot sanction employees.

If there is a device that was tampered with on a locomotive, as we found that the safety devices were taped down in the Amtrak-Conrail crash, we cannot sanction anyone for that. We find that this is a difficulty. It applies to more than that one incident. We have found a number of incidents of this kind of thing as we have looked at the system in recent weeks.

LEGISLATION TO CORRECT PROBLEM

We have sent legislation to the Congress to remedy this so that we would be able to have sanctions over the employees directly.

Senator KASTEN. This legislation is now before us?

Secretary DOLE. Yes; it is. We just sent it up recently.

Senator KASTEN. Can you explain to me where it is or where it went or who is sponsoring it? Has it been introduced or is it in draft stage?

Ms. HALE. It is the FRA reauthorization that came up, and it came up about a week and a half ago.

Senator KASTEN. And included with the FRA reauthorization is a request by the administration for this authority that would extend over employees as well as over companies?

Secretary DOLE. Yes.

Senator KASTEN. And you support that legislation?

Secretary DOLE. Very definitely. I think that is an important aspect that we need to correct immediately.

Senator KASTEN. Is it fair to say that it is your view—I do not want to put words in your mouth, but is it your view that if this legislation had been in place over the past couple of years, the incidents of sabotage of safety devices on railroads would have been less than it has been?

Secretary DOLE. Yes.

Senator KASTEN. Can you explain anything about that?

Secretary DOLE. It would clearly give us the authority we do not have now to address problems directly and to provide a sanction which certainly would be an incentive to employees not to tamper with safety devices.

And the difficulty is that often the equipment can be checked before they leave on a trip, but nevertheless it seems a lot of this tampering is done after the train is out moving on the tracks. We need that authority so we can provide the incentives to stop this kind of behavior through sanctions on the employees.

Senator KASTEN. In the hearing that we had in the other committee, I asked the representative of rail labor this set of questions, and in the end he said: We may not object to this kind of a change if the railroad engineer could have the same authorities that an airplane pilot does.

Now, he was implying that an airplane pilot can decide whether or not that plane is going to leave the gate and that someone else, the supervisor, makes that decision as to whether or not a railroad car, the railroad locomotive, leaves the station.

I do not understand this distinction. Do you understand this distinction? I do not know if you have been involved in these negotiations, but I think this is very, very important to make this change.

This is crazy, to have people sabotaging safety devices and the federal government, which in certain cases has mandated the safety devices, cannot do anything.

Secretary DOLE. I agree completely, and I think that the legislation that is before you now will give us an opportunity to look at all aspects of it. And I would hope that Congress would quickly pass that legislation, which would correct the problem.

I think in exploring the legislation that is up here we can look at all the different comparisons, but basically the bottom line on it is we simply cannot move forward without that legislation to provide any sanctions.

FEDERAL DRUG AND ALCOHOL TESTING ON RAILROADS

The rule that we put into place 11 months ago addressing alcohol and drugs on the railroads was a result of 12 years of effort, 12 years. Labor has blocked it all this time, and they are suing me right now over that rule.

That is the only reason, that rule is the only reason we were able to test the employees on the recent Conrail-Amtrak train crash. We could not have tested them had it not been for that rule.

Senator KASTEN. Even then, some of them were not tested, right? Were there not questions on a couple of tests? I am not sure.

Secretary DOLE. We did enforce the tests. The tests were done on the engineer and the brakeman. I tell you, if indeed there were some tests that were not done, it is a very complicated situation because you are out away from a major area. You have an immediate situation with people who are dying and who are injured and so on and trying to get them to the hospital and do all of those things.

You have also got to get the people involved and get tests and get to an adequate laboratory to get it tested. It is a very complicated scenario.

I think with this rule having been in place only 11 months, as we move forward and, for example, the rail personnel working with the people involved in these testing procedures get to know one another and the hospitals and so on, we will be able to smooth out the procedures and make it a more efficient system.

Indeed, we did find that there was marijuana in the systems of these two individuals. While no conclusions have been drawn yet, it was that rule that provided the opportunity to test.

I would just say once again, I call on rail labor. I have worked with them in the past on various issues such as the Conrail sale. I urge them to work with me on this one instead of fighting me on it.

We are trying to now move into the area of looking at random testing. It is for the sake of the employees, not just the people traveling, but it is the employees, to give them an opportunity to get some help and not lose their jobs.

I find this frustrating, that we are so confrontational on an issue of this sort.

Senator KASTEN. I hope that, either in this committee or in the Commerce Committee or maybe in both, that we are going to be able to work with you and with the FRA and with rail labor and with rail companies. It does not seem to me to make sense that we do not have a system that can prevent someone or that we are not doing everything that we possibly can at every single level to prevent people from sabotaging safety devices.

And in the process of both of these hearings it became apparent that this was not just an unusual one-time occurrence, it was the way of business in a railroad locomotive cab.

Secretary DOLE. I think we have an opportunity to rectify that very quickly.

Senator KASTEN. I hope that we will, and it would seem to me that this is in the interest of the people who are riding on those railroads, the railroad employees. They are on every one of these trains, and they had better be working with us to prevent the safety devices from being overridden. I just do not understand their opposition.

We look forward to continuing to work with you. I have a couple of other questions having to do with FAA inspectors, but I will submit those for the record, Mr. Chairman. And I thank you.

Senator LAUTENBERG. Thank you very much.

My colleague from Wisconsin has asked some very significant questions.

CONCERNS WITH DRUG AND ALCOHOL TESTING

Madam Secretary, I would have to just note for the record that the assertion or the insinuation that labor alone stands in the way of progress toward better safety or toward the sale of Conrail—I mean, there were lots of people who disagreed with the structure of the sale of Conrail, and obviously you have come forward with a new plan as a result.

Secretary DOLE. I mentioned they worked with me in that process. We had some very——

Senator LAUTENBERG. I thought you said in your response, at least it was inferred in the way I heard it.

There is a huge difference in my mind, and do you not agree, between trying to resolve an issue that could invade one's rights, such as drug testing—you know I support it. There is no question about where I come from. Whether it is randomized, I am not sure yet. I am looking to get some information on that.

I think we ought to make sure that the people who have a responsibility for others' lives, others' safety, the community's safety, whether it is a passenger train or a freight train—a freight train can wreak havoc in a community—are unimpaired by drugs or alcohol. Suppose they are carrying hazardous cargo; it could be far worse than a rail-passenger train accident.

But it is quite different than when we talk about tampering with a safety device. I can understand a labor union's resistance to a program that might invade the individual rights of its members.

On the other hand, as contrasted to interference with a system that would disable safety devices, I frankly do not see it in the same context. I listened to your response carefully and I assume that was the inference.

Secretary DOLE. Let me just make clear on the record, my comment with regard to Conrail was designed to say, while we may not have seen eye to eye all the time, I was in close contact, I was communicating with the rail labor leaders. I respect them, I respect their views, and I consider that a positive relationship with Ed Hart and others, Kilroy, different ones.

EMPHASIS ON REHABILITATION

We have worked very closely. Now, I am saying, while we have had a good relationship, I am concerned over this issue of drugs, the drug situation, that we are trying to help the employees. This is important, that they not lose their job if they have a serious problem.

They should be able to go into rehabilitation, have counseling, have a plan laid out to help them get through a difficult time, but take them off of any safety or security-related functions during the time that they are going through rehabilitation.

I think it is important to provide that help, and I think that actually the employees themselves sort of started this kind of movement with Operation Redblock, which was an effort by the UTU and the engineers to work with management to give employees an opportunity to step up and say, I have a problem, or to report that a coworker has a problem that is jeopardizing everybody's safety, and indeed be able to get this kind of help without losing their position.

Now, that concept which they worked so hard on was incorporated in our alcohol and drug rule, the very rule that provided us the opportunity to test, to give the employees a chance for rehabilitation. That is what we are looking at in the announcements that I made recently.

So I just urge labor to work with me on this. I think we can come up with something that can be an enormous benefit for the employees individually and for the system.

STATE REGULATION OF SAFETY DEVICE TAMPERING

I must say in terms of the tampering, that aspect of it, trying to ensure that these devices are not altered, I do feel we need authority, as we have in other areas, to be able to deal directly with the employees and not through the company, as we have had to do in the first alcohol and drug rule.

Senator LAUTENBERG. I agree.

Would you think that this is a violation of law generally? I mean, is there something that suggests felonious behavior? How about in state law? Does state law apply on actions that are taken within a state's boundaries?

Secretary DOLE. I would be glad to look at that and supply it for the record. But we have felt the most direct way that we can get at this is through a change in the law, and we need it quickly.

[The information follows:]

The Federal Railroad Safety Act of 1970 preempts state rail safety regulation on any subject matter that FRA regulates, except for essentially local safety hazards. Because federal regulations address the tampering that has now come to light, there is little room for state regulation to apply. However, we do not believe that FRA regulations preempt state criminal laws that impose sanctions for reckless conduct that leads to actual loss of life, injury or damage to property.

CONSISTENT REGULATIONS

Senator LAUTENBERG. I share that goal. It is shocking to think within 2 weeks—I do not know whether you heard this, Bob, but about 2 weeks later FRA discovered that there were still devices taped up. And John Riley reported that.

Senator KASTEN. And in part because of the publicity, evidently, one employee took a photograph of another employee jamming a wrench on an accelerator device. The employees are starting to be concerned

about what one another are doing, and that photograph found its way to the FRA.

But they still do not have any way of going back. The key—I think we need to explore the question that you just raised, is there some kind of a state law, or could the people that were injured on that train somehow go back if they could prove, they could go back to that, prove sabotage?

The thing I could not understand is the difference, why we had it one way for the railroad industry and another way for the airline industry. We should be consistent. We should be concerned about safety. Where we want to go back at the companies, we ought to go back at the companies. Where we want to go back at safety devices, we ought to be able to go back at safety devices.

There should not be this difference.

RULEMAKING ON DRUG TESTING

Senator LAUTENBERG. There is a rule, if I am correct, regarding pilots, airplane crews, that has three bases for requesting a drug test: suspicious behavior, visually recognized or otherwise; post-accident and, without making bizarre jokes, I mean, post-accident often with an airline crewmember is a pretty hard test to do, because it is often a fatal thing.

And there was one other: reasonable suspicion, post-accident, preemployment screening. That sounds a little peculiar, to say that those are the only times that one can ask for a drug test in a pilot or alcohol testing, is after you have had an accident or before you get the job or if you are wobbling and cannot crawl up the steps to get into the cockpit.

Secretary DOLE. We will be going forward with rulemaking that applies to other tests, such as random testing, periodic testing. Any time that a person is required to have a physical examination already, that would be included as a part of the exam.

That is something that we will be going forward on. I might just mention on that, I was questioned as to whether or not I had prejudged the rulemaking by saying that I felt that random testing was the way that ultimately you can most definitely ensure that you have a transportation system that is drug-free.

Indeed, that is not the case. You obviously have to have an opinion in order to go forward with an NPRM. Obviously, during that process you determine how testing would occur, when it would occur, what people would be impacted, and so on.

You lay out the procedures. You also have an open mind if indeed there is a reason to change your opinion in the process. But it appears to me that random testing is the way that we can best ensure the safety of our system, and I think the American people have the right to expect and receive a drug-free transportation system.

As a matter of fact, I can think of no situation where the choice to use drugs really has a more serious effect than if the person is involved in a safety or security-related position in the transportation system, both our employees and those that we regulate.

EMPHASIS ON REHABILITATION

Senator LAUTENBERG. You did say, and I am going to refer to a letter I wrote you. You did say, as I heard you, that you would support a program that encouraged people to come forward and admit they have a problem. Would you support a requirement that the railroad or a transportation company give these people an opportunity to rehabilitate without punitive measures and frankly to say, look, it is even worth it to keep someone on payroll for at least a part of their wages while they go through this, maybe their whole salary?

Otherwise, you just keep this thing underground. Once and for all, I think we are recognizing it is a problem throughout our society and we had better start dealing with it on some long-term basis.

Secretary DOLE. Exactly, and I think that is exactly the way to go about it.

In our own DOT program, here of course I do not have to wait for a rule or other measures. We will move forward with our own program. Basically, what we anticipate there is, if an employee says, I have a problem, I need some help, if they test positive and it is confirmed and we then ask them to go into rehabilitation, their job will be preserved. That is the way I see it working with the regulated situation as well.

And then, if they are found to be using drugs, just absolutely observed in the process, that would be grounds for dismissal, or if they refused rehabilitation, or if they were rehabilitated, came back and tested positive a second time. I think then certainly you should take stronger measures in terms of——

Senator LAUTENBERG. I do not want to settle the program here, but certainly we want to work together. I encourage management. I encourage labor. I do not think that we are looking at the whole story if we point too harsh a finger at working people who are committed to either schedules that are unrealistic, to conditions that are less conducive to safety considerations than they ought to be.

SKILL REQUIRED TO RUN TRAINS

I rode in the cab of a train a couple of weeks ago and it was quite an experience, if you have not done it, to sit up there in a phone booth sized cab moving along at 60 miles an hour into a tunnel that barely looks big enough, built in 1911, would you believe, between New York and New Jersey. You hope that the envelope still fits because you are really moving fast, and your face is almost pressed up against the windshield.

Coming back on an Amtrak train, accelerating to 100-plus miles an hour, I was impressed by all the things that an engineer has to do. And the cab I rode in had a signal that triggered a light or an audio response. Every 45 seconds that engineer had to change his position, either moving his foot, the seat, or his hand, to show the system that he was awake and alert.

And it does require alertness. Believe me, I have a whole new degree of respect for that job. That is a toughie. You are looking at some of

the technology, it is antiquated. It does not measure up to where we ought to be at this stage of our interest in rail and fuel efficient transportation.

Secretary DOLE. Mr. Chairman, may I make one comment on that? And speaking about the requirements and the level of professionalism that is involved in this, the respect that you have for the people doing these jobs, I certainly share that.

And our investigations following accidents over the last 3 years do not indicate in any way that the employees are not quite competent. Their skill levels appear to be very high, and we have not found that human error has been a problem in terms of lack of skills or incompetence. Human error perhaps in other ways, but the skill level seems to be very good.

AUTOMATIC TRAIN CONTROL

Senator LAUTENBERG. That gets me to the letter that I wrote you on February 2 regarding measures that I would ask you to consider. I obviously think they improve rail safety, and they included the following: ATC's, automatic train control.

It exists in some places and does not exist in others. I would hope that you will continue to pursue that. I know it represents some costs, but also it represents some savings of lives in particular. And ultimately it means reducing the amount of human intervention that is required in the very precise period of time, very small period of time, in which an action has to be taken. It could be significant in terms of passenger safety.

Secretary DOLE. Back in the early seventies, the NTSB accepted Amtrak's decision it should not apply that point on the freight trains. I think definitely we should look again at that, and that is exactly what we are doing.

Senator LAUTENBERG. There is also the question of moving as much freight off the Northeast corridor as possible; stronger enforcement of regulations on predeparture inspections of rail equipment; improved communications. I mean, the notion that radios sit there not operating. Even Washington, D.C., cabs often have radios that work.

The whistleblower protection. It is a funny expression to use in terms of railroading. It is not intended to be a joke, but people who come forward saying look, there is something wrong, why should they be subject to recrimination?

Secretary DOLE. They should not be.

LICENSING OF LOCOMOTIVE ENGINEERS

Senator LAUTENBERG. That is a good samaritan's effort.

Now, we are talking about licenses. I put in the request to consider the licensing of locomotive engineers. I don't see how you can tell the general public that you have to have a license for a taxi or a motor scooter or a truck, certainly an airplane, but you do not have to have one when you are operating 1,000 tons of steel and metal at 70 miles an

hour or 100 miles an hour. Instead, you leave that to the decision of the companies and the labor organizations. I frankly think that, since we have not left it to the airlines to make a decision whether or not someone is competent to fly, we help them in that decision, certainly we ought to get on to licensing engineers.

I have spoken to the rail labor people and they were very positive. Management said as long as they are permitted to go beyond that, well, certainly, in terms of professional skill evaluation.

How do you feel about that?

Secretary DOLE. I think it is certainly something that we can look at once we have the authority, again, to issue sanctions. We cannot right now without that authority, which is the ultimate.

In other words, if there were violations we would not be able to sanction the employees.

Senator LAUTENBERG. Why is the ability to punish necessary? If you agree with me that there ought to be minimum experience criteria for engineers or perhaps other people in the cab and on the train, if you agree with that, then it is a course of action that we ought to pursue. What could the objection be?

Secretary DOLE. Let me discuss it for just a moment. We already have what you need without actually going into a formal license procedure, which would mean more manpower. It would mean more dollars, it would mean setting up more bureaucracy in order to process the paper.

Again, I want to keep an open mind on that, because I think we should look at it. That is fine. But normally a license would be utilized—first of all, you want to have the ability to sanction, which we are seeking. You want to be able to collect data. That is another normal reason for a license procedure.

And I think that again can be done without actually setting up a license process. The third would be skills of the employees, and it appears from FAA's review of the papers that are sent to FRA for their work in this area, as well as the investigation—certainly I am familiar with the last 3 years, where skills were in no way questioned, the level of skills.

This seems to be something where the industry standards are very high, and we do not seem to have a problem there. But again, let us look at it. I am certainly quite willing to do that.

Senator LAUTENBERG. With your skill and powers of persuasion, I have heard you make better arguments for and against something.

Secretary DOLE. You are talking about adding personnel, money, time, et cetera.

Senator LAUTENBERG. Maybe you ought to reduce the personnel necessary to maintain FAA pilots' licenses. You could save some money there.

Secretary DOLE. I am very willing to look at it. That is the bottom line.

Senator LAUTENBERG. Reducing the licensing requirement for pilots in airplanes and say, well, OK, let us leave that to the airlines and let them decide?

Secretary DOLE. Let me just clarify. I am not saying I am willing to look at that. I am willing to look at your proposal on licensing railroad engineers.

Senator LAUTENBERG. I thought you wanted to consider saving more money.

Secretary DOLE. Once again, I would just say it does not appear that that is a problem. The skill levels appear to be very high. But I am certainly willing to take a look at that.

I do think we ought to get the authority on the sanctions, as far as sanctions, as far as data collection. Then whether or not you need to provide a network, system to actually go through licensing, let us take a look at it and determine whether or not that would be advisable.

RAIL STATE SAFETY GRANT PROGRAM

Senator LAUTENBERG. I want to talk a moment about FRA safety. In the President's original budget, no funds were requested for the state safety grant program. Moreover, the budget proposes that the funds provided for fiscal year 1987, $1.1 million, be transferred and be used for pay raises and retirement contributions.

Is that something you support?

Secretary DOLE. Yes; I support, first of all, the restoration of grant money. And let me explain. Very definitely, we are doing something which we have not recommended in past years. The reason for that is severalfold. We have had experience with MCSAP where we have increased the funding considerably for the states to train inspectors for trucks, inspections, highway truck inspections.

That plus our experience with pipeline safety grants has given us a feel that this indeed is a good way to go. Plus, after an accident of this sort obviously you are looking at every possible way that you could enhance safety.

The GAO has done a report which was also persuasive to me, where they show that a number of the states indicated they might well cut back on their programs if indeed these grants were not forthcoming.

So for those reasons, I am changing the position. I think we should seek that money.

AMTRAK ASSET SALE

Senator LAUTENBERG. I want to talk for a moment more about the Amtrak asset sale. I assume that the equipment is not a lot of interest, and the trackage itself is not a lot of interest.

But I am reminded of the many conversations you and I had about the Conrail sale, and you know that I supported that privatization attempt. You know that I did not support, after much review and consideration, the sale direct to Norfolk Southern. And it was kind of you to come around to my way of thinking on this position on Conrail.

In any event, what happened is you did see the light, without too many puns, at the end of the tunnel on the Conrail sale. Now, as we look at Amtrak, I wonder whether we are kind of barking up a totally different tree.

What do you think, in terms of value, you might realize from the sale of the Northeast corridor track or system? You would have to tell me more precisely what you are proposing to sell.

And let me ask your forgiveness, Ms. Hale. I called you Ms. Hall before, and I do not like to have it done to me and I apologize.

What would we realize from the sale?

Secretary DOLE. Let me set the record straight briefly on the Conrail situation, just to say that Norfolk Southern is still the choice that I think was right in that matter. I do feel in the public offering, with the covenants that we were able to build into the legislation, that that was an important part of it.

Obviously, we are not permitted to discuss the situation at all now under SEC regulations. But I do not want to back off from what I felt then and what I still feel was the right way to go.

But I do think this largest initial public offering will be a successful sale, and it will return a significant amount to the treasury and I am fully supportive of it with those covenants we were able to provide.

AMTRAK ADVISORY COMMISSION

As far as the Amtrak situation, let me say that here you have—the billion dollars that is in the budget is a ballpark figure. I feel it is very important that we establish an Amtrak commission that will provide some of the best minds in the private sector to come together, give some fresh thought to this whole matter.

Amtrak obviously has a lot of assets. As long as the federal government is, so to speak, sitting on those assets, you do not really know what the value is, you do not know what the market would produce in the way of enhancing those assets.

Now, in the Conrail situation we had somewhat the same thing. Until we really got out there with the negotiated bid process, it was hard to know what the market would reflect in the way of the value of Conrail's assets.

So what we are saying here is, let us prioritize in the sense of going forward to try to come up with some fresh, innovative ways of preserving the service. And obviously, there would be some changes that would be needed, some restructuring, but basically to give this commission a chance for 6 or 8 months just to go off and look hard at every possible option and really get the dialog started on this, because I think there are a number of things.

For example, right now in Philadelphia, the 30th Street Station, there are negotiations over air rights; at the Chicago Union Station, negotiations over real estate. We are doing a lot here on Union Station in Washington. There are a lot of valuable assets.

But let us let a group of people who are involved in finance and business and railroading get together and look hard at this and see what they can come up with, and come back and let us all know what they have produced in about 6 or 8 months.

I am not promising anything and I cannot at this point lay out to you specifics on one corridor or another. But I do think with a system, Mr. Chairman, that is carrying less than 1 percent of intercity travel and which requires about a $27 average per passenger subsidy, which started out as a 2-year for-profit experiment many years ago and has cost us $12 billion, it is worthy of a hard thought as to whether or not there is not another way to do it that would be beneficial and that would cut down on this enormous amount that the federal government has to continually put into the system.

Senator LAUTENBERG. It raises a couple of questions that I think are very serious: first of all, how you arrive at the billion-dollar ballpark? And to the suggestion that follows on that, that it could be used to reduce the deficit in the budgetary year we face, if you are going to look at it for the next 6 months that sure is not going to get into the budget equation for 1988.

Secretary DOLE. I believe that it will. Excuse me for interrupting.

Senator LAUTENBERG. You know very well if the report is due in 6 months, that there has got to be a period of time for evaluation and consideration. And here we are in February, we are talking about August.

Secretary DOLE. We are talking about literally appointing this group almost as I speak.

Senator LAUTENBERG. It is still a September response, and that is going to be a little late for the budget for 1988.

Secretary DOLE. I think it can be done, because we are intent on making it work, as we did the Holton Commission. That is the model, really. When we looked at the transfer of these two airports and everybody said impossible, it will never happen, there is no way it could be done, by putting together an advisory committee that could go off and figure out how to do this, come back with a game plan, they stayed right on target, they did it in 6 months.

Then the chairman of that commission was very aggressive in helping to get it done and in informing people in Congress as to what the commission had done.

I think if we have that kind of a commitment, and that is what we anticipate——

Senator LAUTENBERG. We have a September 30 deadline in this case.

PRIVATIZING AMTRAK

The other thing I want to mention to you is, when you talk about privatization versus what I just heard you say, the evaluation of assets, they are quite different projects. If you want to use air rights over some station or rights of way for fiber optic cables, why could we not do that either through the existing structure or some other way, without the word "privatization"?

It has a very specific meaning. It means that we are going to sell this thing. The word "sell" is used freely, we are going to sell this whole ball of wax. If you are talking about reducing government needs to subsidize and so forth, I salute that if we can do it practically. I certainly believe the subsidy is in order in the provision of rail service. That is true in every country, westernized or developed country in the world.

It is also true that as Amtrak's service gets better, that it gets a larger share of its revenues from the fare box as opposed to from the government. There has been a very positive trend there, but we will probably never get to zero.

Secretary DOLE. We have discovered efficiencies that have not been thought of in terms of bringing down that subsidy level.

I think overall, let me just say we have not really been able to get a dialog going, a discussion. Several years we have come forward with a proposal to get the dialog started in terms of how we might do it in a different way.

Senator LAUTENBERG. Why do you not appoint the commission first and then try to get the dialog started, say look, here is a plan, here is a program that makes sense in terms of an approach, Madam Secretary, as opposed to saying, OK, we are going to sell it, we are going to get a billion ballpark, maybe it is a billion and a half.

There is still a lot of difference when you start ballparking a billion. And do it that way, instead of raising this specter.

It is a very serious threat to those from my area, as you know. We look at what it would take to supplant Amtrak's service in the Northeast corridor. It seems like an impossible assignment.

You and I talk about the airports and all that kind of stuff. There is just no other way to do this. I would suggest that we kind of drop that from the prospectus on, (*a*) the budget for 1988, and (*b*) the agenda for this year.

COST OF ADVISORY COMMISSION

How would you pay for the commission? What would the commission costs be? Would they be significant?

Secretary DOLE. It would be about $50,000. We have R&D money through our policy division for use in studying the Department's programs. This certainly fits in that category. It would be about $50,000. The people who serve we would not be paying.

But, Mr. Chairman, I anticipate, with your business background, I would like very much to come in and talk with you further about this. I would appreciate your input.

Senator LAUTENBERG. I am not going to buy it. [Laughter.]

Secretary DOLE. I thought you would like to make a bid.

Senator LAUTENBERG. There are several other questions in terms of who would buy it. You know I raised that concern. We are going to submit several things to you.

I do want to conclude by thanking you for your generous apportionment of your time. I know you have lots of things to do, but spending time with this committee I think is crucial.

We will continue to disagree on several issues. I am going to continue to press you, and I think you obviously will continue to try to persuade me. But on a couple of things, Madam Secretary, I would suggest that you look at the past and see whether the position held by you—and it is with esteem and serious compliment that I say this—to see whether it has worked, to see what you have accomplished by holding this wayward group of former strikers out as not worthy of consideration.

I just think it is nonsense. We have not been able to fill the bill. We still have people who cannot pass the stress test. We know if we take an ex-controller and we train them, we invest a year or two, whatever we have to in training, at least they will have passed a very important part of the requirement by having established the fact that they can handle the strain of the work. It is a heck of a job.

I am sure you have been there, but I would urge you or your staff to get up there and see what goes on. I have never seen so many cigarette smokers in one place. That is because it is almost required. I hate to think what other outlets they might take to relieve the tension. We could have saloons up there.

But the fact is that it is a very stressful job, and it is my belief as a former business leader that morale requires leadership, encouragement. And if you say to your staff—I ran a company of 15,000 employees. I never held a vote across the employees when I promoted someone in an important job.

And if I knew that I had to bring in someone from the outside, which was where I had to make a change, it was my responsibility to sell to the employees, to sell to the staff, why it was good for them, and not to say: Gosh, I hope you are going to like this thing.

And in your executive capacity, you just have to say: Here is what we are doing; we are bringing soldiers into the trenches; we do have a serious battle on our hands; these soldiers were maybe inmates some time ago, but that is what we have got.

And I do not mean to cast aspersions, but the fact of the matter is that if we had a choice maybe we would consider rehiring fired controllers. I do not think we have a choice. And I would hope that you temper your views on that, Madam Secretary, and take a good look.

All of us are concerned, and we are going to be able to argue these statistics forever. Are they FPL's or are they not FPL's? You said 90 percent across the country were, that you had filled the billets 90 percent of the way in terms of having sufficient controllers.

Secretary DOLE. Right. Our overall FPL number right now is about 70 percent.

Senator LAUTENBERG. Would you be willing to say that all of the major installations have 90 percent of the FPL's that they need? Ms. Hale shakes her head no.

Secretary DOLE. It is 70 percent overall right now in FPL's. We have eight centers and two level III or above towers out of a total of 190 facilities in those categories that are under the 60 percent minimum, but

our overall ratio is 70 percent FPL's across the board. That is absolutely right, 70 percent.

Senator LAUTENBERG. Those are exposures we do not like to think about. Either they are required or they are not, and if they are required then we do not have enough of them.

I do thank you for your forthrightness in giving us the time.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

CONTINUING RESOLUTION: CONTROLLER WORKFORCE

SENATOR LAUTENBERG: The FY 1987 Continuing Resolution (P.L. 99-591) requires FAA to meet three minimum controller staffing objectives by the end of the fiscal year:

(1) The total controller workforce is to be at least 15,000;
(2) At least 70% of the total eligible workforce are to be full-performance-level (FPL) controllers; and
(3) At least 60% of controllers at centers and terminals above level 3 are to have FPL rating.

The latest FAA report to the Committee on controller staffing shows a total workforce of 14,936 (using FAA accounting) of which 9,490 have FPL rating. So it appears you will achieve the 15,000 goal. Where are you with respect to the other two FPL objectives? Will you be able to achieve 70% FPL Level as experienced controllers retire and new recruits are added to the workforce? Will you achieve the 60% FPL goal for centers and terminals? Where are the shortfalls and how will you address them?

ANSWER: Based on the minimum 15,000 controllers on board by the end of FY 1987, we expect to achieve 70% FPL systemwide. It will be more difficult to reach 60% FPL at all centers and Level III and above terminals, but FAA intends to pursue that goal. As of January 31, 1987, 8 centers and 2 of the major terminals were below the 60%. The centers are: Anchorage, Chicago, Indianapolis, Cleveland, Minneapolis, Miami, Los Angeles, and Oakland. For the terminals, Dulles and LaGuardia had not reached 60%.

It is important to recognize that although a facility may not have reached its 60% FPL goal, FAA has a valuable core of expert operational controllers who are fully checked out and controlling traffic for their assigned sectors, but are not FPL, and may not even be eligible for FPL status this year. These controllers may be the best in the business on their assigned positions, but they require training on additional sectors to rank and grade them as FPL.

Through new and improved training programs established in the past year, FAA is working to increase the skill level of the workforce, especially at en route centers. A new en route radar training program for the Chicago Center was established at the FAA Academy to improve the skill level of the student before he leaves the Academy. Under this new procedure, a computer program which replicates Chicago Center sectors is used to train Chicago assignees before they move into the Chicago facility for on-the-job training. Given the success of the Chicago program, we feel that it should be expanded to include other centers. Additional equipment, instructors, and associated costs will require supplemental appropriations which are above the request we already have before Congress. We have forwarded to OMB our request for additional Operations resources.

AIR TRAFFIC CONTROLLERS

SENATOR LAUTENBERG: Madam Secretary, you state that the FY 1988 request for FAA operations ($3.25 billion and $465.20 million over FY 1987) would fund 225 additional air traffic

controller positions. How many of these actual controller positions requested would be brought on board as actual controllers as opposed to Academy trainees and air traffic assistants?

ANSWER: All of the additional positions will be new hires who will begin Academy controller training in FY 1988. About three quarters of them will have graduated from the Academy and moved into the developmental controller phase at the facilities by the end of FY 1988. The remaining students will graduate within the first few months of FY 1989.

SENATOR LAUTENBERG: On average, how long will it take to qualify these new controllers for full-performance-level (FPL) rating?

ANSWER: It typically takes 2 to 3 years for a new hire to achieve the FPL grade level and be checked out on all positions in his area of responsibility.

SENATOR LAUTENBERG: What is the washout rate for the Academy and for the initial training period?

ANSWER: Academy washouts in the screening program were less than 40% in FY 1986, and we expect to do at least this well in FY 1987 and FY 1988. In fact, the January 30, 1987, Academy graduating class had less than a 30% washout rate. Although it is too early to determine a trend for the entire year from the success of this one class, we are very encouraged that we are continuing to reduce the training washout rates experienced in previous years.

SENATOR LAUTENBERG: How many people do you plan to recruit to assure that you will achieve your workforce goal of 15,225?

ANSWER: FAA estimates that 2,500 to 3,000 additional people will be recruited.

NEWARK/NEW YORK SUPERVISORS

SENATOR LAUTENBERG: According to FAA's staffing data, the Newark Terminal, the New York En Route Center and the New York Terminal Radar Approach Control facility were all operating with a total of 16 fewer controller supervisors than they were at the start of last year. What is being done to compensate for the loss? The implementation of new procedures in the expanded east-west plan puts a premium on seasoned supervisors, doesn't it?

ANSWER: Senior controllers are used to fill in as supervisors as they are needed. When we receive the additional supervisory positions requested in the FY 1988 budget request, we will permanently fill the positions.

CONTROLLER UNION/REHIRE

SENATOR LAUTENBERG: As you know, I have been a strong proponent of the selective rehiring of controllers fired in the PATCO strike. I believe this is one source of experienced, fully qualified personnel we cannot afford to neglect in restoring capacity to our air traffic control system.

The Administration, however, has been adamant in its refusal to consider this option. One of the major arguments you and others made against my proposal concerns its supposed negative impact on

the morale of the existing controller workforce. We have been told repeatedly:

- That the process of rebuilding the controller workforce is going smoothly.
- That the controller workforce, even though it contains a lot of relatively unexperienced people, is managing the traffic without undue difficulty, and
- That reports by GAO and others about stress and strain on controllers are grossly exaggerated.

Rehiring strikers, you say, would do nothing but create tensions and disrupt the process. Yet, on February 11, the Federal Labor Relations authority certified that the National Air Traffic Controllers Association had submitted a sufficient "showing of support" to qualify for an election for certification as the collective bargaining agent for air traffic controllers.

Doesn't the effort to form another union indicate serious controller dissatisfaction with working conditions and, more generally, with FAA's inability or unwillingness to deal with the stresses they face?

ANSWER: Employees of the Federal Government have a right, by Federal statute, to form, join, or assist any labor organization, or to refrain from such activity. (5 U.S.C 7101.) The fact that some controllers are engaged in forming or supporting a new labor organization is therefore merely an exercise of their statutory rights.

Efforts to organize do not indicate serious controller dissatisfaction with working conditions nor do they reflect the agency's inability to deal with employee stress. Rather, we view these initial organizing efforts as an indication of a desire on the part of some controllers to have a unified position in their dealings with management consistent with the history of union representation on issues which affect the quality of their worklife.

SENATOR LAUTENBERG: So their morale is less than perfect now, wouldn't you say?

ANSWER: Our 1986 employee attitude survey has actually shown an increase in overall job satisfaction over the survey taken in 1984. In fact, the survey indicated that major concerns centered around issues of concern to all Federal employees, such as uncertainty associated with budget and staffing reductions and the new retirement system. Realistically, however, we will never attain perfect morale among our air traffic controllers, due to the nature of their work. Rather, through continued use of participative management, our objective is to resolve prevalent issues so that overall morale remains good.

SENATOR LAUTENBERG: Isn't it possible that getting them some experienced help would do a lot to relieve some of the strain they feel?

ANSWER: Since the experienced help to which you refer is from fired controllers, we emphatically disagree.

To the contrary, they would not be experienced in today's air traffic environment, and would, therefore, provide little relief from workload. We firmly believe that the introduction of the fired controllers back into the workforce would be counterproductive both in terms of their ability to provide workload relief and in terms of the adverse impact we expect such action would have on controller morale.

CONTROLLER TRAINING/STAFFING

SENATOR LAUTENBERG: One of the problems NTSB identified in its recent investigation of O'Hare is that the shortage of FPLs reduced the amount of on-the-job (OJT) training that could be provided. As a result, "operational controllers" were unable to obtain certification on the remaining positions necessary to achieve FPL status. The continuing shortage of FPLs in the controller workforce suggest that this is a systemwide problem. Isn't it true that you don't have enough experienced FPL controllers to handle traffic and provide training?

ANSWER: We do not have enough experienced controllers both to handle the traffic and also provide training. In order to provide training without diverting experienced controllers from their traffic control duties, the FAA has requested additional funding in the FY 1987 supplemental and the FY 1988 budget to provide training instructors by contract. This will allow the experienced controllers to remain in the controller workforce and will avoid a shortfall in the number of full performance level controllers that would result if these personnel were reassigned or detailed to training instructor positions.

SENATOR LAUTENBERG: How many new FPLs did FAA qualify in FY 1986?

ANSWER: The number of FPLs qualified by FAA in FY 1986 was approximately 2,000.

SENATOR LAUTENBERG: How many does FAA expect to qualify in the current fiscal year?

ANSWER: The FAA expects to qualify between 1,700 and 2,000 in the current fiscal year.

SENATOR LAUTENBERG: How many new FPLs has FAA qualified so far this fiscal year?

ANSWER: The FAA has qualified 796 FPLs so far this fiscal year.

SENATOR LAUTENBERG: How many new FPLs does the FY 1988 budget assume?

ANSWER: We have proposed a controller workforce of 15,225 on board by the end of FY 1988. We do not expect much change in the percentage of FPL to the overall controller workforce between FY 1987 and FY 1988.

CONTROLLER STAFFING GOALS

SENATOR LAUTENBERG: You say your end of year goal for controller staffing is 15,225. How can we be sure that the goal of 15,225 is what is really needed in FY-88 so that controllers are not overburdened and safety is not compromised? How many controllers will we need to add to the controller workforce each year over the next 4 years, i.e., FY 1989-1992? What is your controller workforce goal and on what staffing standards or criteria is it based?

ANSWER: The requested 15,225 on board by the end of FY 1988 will adequately and fully meet the needs of the system at projected traffic levels for FY 1988. Estimates are made on our best available traffic activity forecast, and organizational

changes, such as increased number of sectors, are accommodated within the 15,225 request. If we find that additional controllers are needed as we get closer to FY 1988, we will request additional personnel. Controller staffing levels beyond FY 1988 will also be based on projected traffic forecasts.

ATTRITION/TRAINING

SENATOR LAUTENBERG: You indicate that you expect to have a "controller workforce (CWF)" of 15,225 by year end. Is the 225 position increase net of attrition? What is your projected attrition rate for controllers for FY 1987 and FY 1988?

ANSWER: Yes, the 225 employment increase is net of attrition. FAA estimates that they will lose approximately 1,200 employees from the controller workforce for all reasons, including failure to complete on-the-job facility training, promotions out of the controller workforce, transfers, and retirements. This does not include losses from FY 1988 new hires in initial training classes. We expect approximately the same number of losses in FY 1987 and FY 1988.

CONTROLLER UNION/NATIONAL AIR TRAFFIC CONTROLLER ASSN.

SENATOR LAUTENBERG: The National Air Traffic Controllers Association has met the requirements for a certificaton election under the National Labor Relations Act. The NLRB is expected to schedule an election this Spring. Doesn't this indicate serious stresses on the controller workforce which FAA has failed to address?

ANSWER: Our 1986 employee survey indicates an increase in overall job satisfaction during the previous two years. We see these initial organizing efforts as an exercise of the employees' rights under 5 U.S.C 7101 and indicative only of a desire on their part for a unified voice which unions historically have provided.

Also based on results of the 1986 employee survey, we believe their concerns are with national issues of concern to all Federal employees, such as budget and staffing reductions and the new Federal retirement system, rather than serious stresses which FAA has failed to address.

SENATOR LAUTENBERG: Why hasn't FAA been more responsive to the controllers' complaints?

ANSWER: For the past several years, through the management by objectives process, the FAA has endeavored to increase participative management through an enhanced employee attitude survey followup process, greater attention to the use of employee participation groups, and other means of involving employees in the decisions which affect them.

A study by the FAA's Office of Organizational Effectiveness of employee participation groups completed in January 1987 indicates a high level of acceptance on the part of management at the air traffic field facility level of recommendations made by employee participation groups. Facility level management was also given high marks by the study on it practice of referring issues to groups for consideration and on its receiving input from such groups on relevant issues before decisions are made.

Additionally, the FAA has several hotlines which are used by employees to voice their concerns, as well as an active Employee Assistance Program.

FAA-FPL COUNT

SENATOR LAUTENBERG: FAA reported to this committee as required by the fiscal year appropriations bill that as of the end of January 1987 that there are 9,490 full-performance-level (FPL) controllers. However, it has already been established in previous Congressional testimony that FAA reports on staffing have overstated the number of FPL controllers. Does the number reported to this committee reflect the actual number of operationally certified FPL controllers? If not, what is the actual number?

ANSWER: The reported numbers are from the Personnel Management Information System which reports those controllers who have attained the FPL grade. It does not report those controllers who have been certified on all required positions. We estimate that at least 94% of those reported as FPL's are certified on all positions.

COUNTING CONTROLLERS

SENATOR LAUTENBERG: The GAO has recommended that the current definition of the air traffic control workforce be changed to exclude those persons who are under going their initial screening at the FAA Academy and persons classified as air traffic assistants who do not control air traffic. On the other hand, GAO reocommended that first-line supervisors and others who do spend time controlling traffic be included. Using the January 31, 1987, staffing data as a base and applying the changes recommended by the GAO, the total controller workforce would change from 14,936 as you define the workforce, to 14,568. Why don't you adopt GAO's recommendations?

ANSWER: We believe that to change the system for reporting controller workforce employment would confuse the understanding of controller staffing. It would limit our ability to compare current controller staffing to previous time periods. We do not propose to change it now.

CONTROLLER TRAINING

SENATOR LAUTENBERG: I understand you have made some changes in training and initial assignment of new controllers to reduce the washout rate. Would you explain what you have done in this regard?

ANSWER: A generic screening and placement program was implemented to place those students successfully completing the initial training into the appropriate option (e.g., Center or Terminal) based on:

1. Final grade in the initial screen course
2. Needs of the air traffic system
3. Availability of slots in the Terminal Follow-on training

The change is expected to result in lower washout rates during facility training.

NEWARK CONTROLLERS

SENATOR LAUTENBERG: What is the authorized controller workforce - exclusive of Air Traffic Assistants - for Newark? What is the current on-board strength at Newark?

ANSWER: There are 26 controller workforce positions, excluding Air Traffic Assistants, allocated to the Newark facility. As of the end of January 1987, on-board strength at Newark is 30, excluding Air Traffic Assistants. The ratio of FPL's to total controllers at Newark is 80 percent.

ADDITIONAL SUPPLEMENTAL

SENATOR LAUTENBERG: I understand that FAA is developing another supplemental in the $20 million range. What is being included in this supplemental?

ANSWER: In addition to the current $50 million supplemental request, we are considering expanding the new en route radar training program that has been so successful for the Chicago Center. Under this program established at the Academy, a computer program which replicates sectors at the specific centers is used to train assignees before they move into the facility for the on-the-job training. We expect that through this simulation training, controller development to full performance level should be shortened significantly. To expand this type of training for other centers, funds for additional equipment, scenario developers, and associated costs will require supplemental appropriations above the $50 million request we already have before Congress.

SENATOR LAUTENBERG: What is the status of this request?

ANSWER: We have forwarded to OMB our request for additional Operations resources.

SENATOR LAUTENBERG: Do you support it?

ANSWER: Yes, I do support expansion of this program. It is an important initiative that will increase the radar skill level of controller trainees.

SENATOR LAUTENBERG: How many additional controllers would this provide?

ANSWER: While this expanded training program is not designed to add new controllers per se, it is anticipated that through this simulation training, controller development to full performance level would be shortened significantly. The Department of Transportation and Related Agencies Appropriation Act, 1987, includes statutory requirements with respect to full performance level controllers. Achieving these full performance level targets is requiring some special training initiatives.

SUPPLEMENTAL/CONTROLLER TRAINING

SENATOR LAUTENBERG: Madam Secretary, you are requesting a $50 million FY 1987 supplemental program for FAA Operations to support additional training for controllers, changes of station for flight service station personnel, telecommunications costs, and maintenance services. How much of this is for controller training?

ANSWER: The supplemental request includes $14,100,000 for controller training.

SENATOR LAUTENBERG: What kind of training will this provide?
ANSWER: It is required to continue the contract for en route controller training instructors to avoid having to use full performance controllers as training instructors.

SENATOR LAUTENBERG: Is it for additional training at the Academy or will it provide for training at the centers and towers?
ANSWER: It will provide for contract instructors at the centers.

SENATOR LAUTENBERG: Is this in-house training or is it to be contracted out?
ANSWER: The training is provided at the centers by contract instructors.

SENATOR LAUTENBERG: Who are the contractors?
ANSWER: The two contractors are Washington Consulting Group and Systems Requirements and Service Associates, Inc.

SENATOR LAUTENBERG: How many additional controllers would this enable you to train this year?
ANSWER: The contracts provide training to the current cadre of operational and developmental controllers who are working towards achieving FPL status at the en route facilities, as well as those developmentals who will have progressed to en route facilities after completing Academy training during FY 1987.

ADVANCED AUTOMATION SYSTEM

SENATOR LAUTENBERG: The conference agreement last year included language directing FAA to reserve $75 million for the Advanced Automation System (AAS) until the House and Senate Appropriations Committees approved a revised acquisition program for AAS submitted by FAA. FAA has now submitted its proposed revisions and the Committee is reviewing it. At this time, I would say that some progress has been made toward meeting some of the concerns the Committee had expressed about inadequate operational testing prior to acquisition and production of system components. But the phased testing and acquisition plan FAA has presented leaves some serious questions with reference, in particular, to the technical risks of moving from the first phase - which absorbs about half the cost of the project - to the next two phases where most of the productivity gains are. Are you fully satisfied with the AAS acquisition plan presented by FAA?
ANSWER: The AAS acquisition replan as presented by the FAA is satisfactory. FAA's replan includes many significant changes in both the development and implementation phases which we believe will reduce risk to acceptable level before proceeding into the implementation phases of AAS. Additional contract tasks have been added to the design competition phase to further increase our confidence that the proposed system designs will be successful.

SENATOR LAUTENBERG: Do you believe the plan provides sufficient operational testing to assure that the system will perform critical functions before production?

ANSWER: The common consoles will be extensively tested with the local communications network and Host computer to demonstrate that the sector suite will operate effectively. Adequate operational test and evaluation of these common consoles has been completed. This assures that the consoles will perform all critical functions satisfactorily before we authorize full production.

SENATOR LAUTENBERG: Can you assure the Committee that this acquisition plan will produce a system that performs all the advanced functions -including AERA I and II now envisioned - on schedule and at the cost agreed to when the contract is awarded?

ANSWER: We are highly confident that the system procured in the acquisition phase will be capable of performing the AERA functions. The functional requirements of AERA I have been specified in enough detail to be included in the AAS contract. AERA II functions are more complex and will be subject to extensive laboratory simulations and operational acceptability testing at the FAA Technical Center prior to commitment programming. The architecture of AERA II software and data processing capacity requirements are well enough known to assure that the AAS will be capable of handling the additional software and display requirements. The cost and schedule risks are no greater than those of any large scale software development.

ASR-9/TECHNICAL CENTER

SENATOR LAUTENBERG: The Federal Aviation Administration (FAA) plans to deploy ASR-9 radar this year. Has there been any system integration testing at the Technical Center in New Jersey?

ANSWER: In fiscal year 1987, the FAA plans to deploy and start operational testing at Huntsville, Alabama on the first series of ASR-9 radars. System integration testing of the ASR-9 has been ongoing at the Westinghouse Electric Corporation facility at Stoney Run outside the Baltimore Washington International Airport since late 1986. Once design qualification testing is completed at Westinghouse, integration testing will commence later this year at the FAA Technical Center in New Jersey.

INTEGRATED TESTING/TECHNICAL CENTER

SENATOR LAUTENBERG: Why has a Martin Marietta proposal for all Integrated Testing and Evaluation Policy at FAA's Technical Center taken more than 2 1/2 years to implement?

ANSWER: Martin Marietta's proposal for all Integrated Testing and Evaluation Policy at the FAA's Technical Center was contained in the NAS Plan Audit Report delivered to FAA on August 1984. At that time, a special FAA/Martin Marietta working group started work on formulating a Test and Evaluation Policy.

FAA's response to NAS Plan Audit Report Recommendations final report (DOT/FAA/ES 85/1) was submitted March 1985. In December 1985 an Integrated Testing and Evaluation Policy was put in place. This policy covers all testing, including testing at the FAA Technical Center. All this was accomplished in 18 months.

IMPACT OF REDUCTION IN FAA FTE's

SENATOR LAUTENBERG: The budget proposes, in addition to the 225 increase in controllers, 178 more aviation inspector positions, and an unspecified increase in security personnel. Yet FAA full time equivalent employment (FTE's) is reduced by 765. I understand that about 349 FTE's are associated with the transfer of National and Dulles to regional control. Where else are you cutting FAA to achieve this net reduction in personnel?

ANSWER: The major portion of FAA's FTE reduction from FY 1987 to FY 1988 (349 FTE) will result from the turnover of National and Dulles Airports to the new airport authority, taking these employees off the Federal rolls. There is a net reduction in the FAA Operations account of 442 FTE. The principal elements of this increment are: increased employment as FAA fills the 225 controller, 228 inspector and support, and 87 security positions; decreased employment because the 185 flight service station jobs eliminated through attrition in FY 1987 will be vacant for the full 12 months in FY 1988; and additional savings targeted for management initiatives and contracting out FAA staffed activities including 211 FTE temporarily restored in the proposed FY 1987 supplemental. If all of these adjustments, and some other lesser adjustments, take place as scheduled, average employment (FTE) in FAA Operations will be lower by 442 in FY 1988 than in FY 1987, but FAA will have added more than 500 employees in the key safety-related positions. There is also a relatively small increase in FAA's Facilities and Equipment account.

NAS PLAN - SYSTEM INTEGRATION

SENATOR LAUTENBERG: Secretary Dole states that 90 percent of the NAS Plan projects will be "underway" by September 30. GAO has briefed the subcommittee staff that all of the 11 major system acquisitions in the NAS Plan are delayed from 1 to 8 years beyond the original authorization schedule. GAO has also reported that DOT's major system acquisition approvals for full scale development and for full production did not follow the prescribed OMB process (A-109) for major system acquisitions. You have said the 90 percent of the NAS Plan projects would be "underway" by September 30, 1987. Have the technology specifications and design for integrating these projects and their functions into the overall system been fully developed in every case?

ANSWER: We have recently established the NAS system specification as the baseline for the integration of the projects in the NAS Plan. This specification builds upon and enhances the individual system designs contained in the overall NAS design document (called the Level I design). During the baseline process, we identified areas where significant issues on project integration and functions existed and have established efforts to resolve outstanding issues. We are confident that the resolution of the issues will be reached in sufficient time to allow for the implementation of the resolutions within the current NAS Plan schedules. As part of our national and regional transition planning and everyday activities, we will continue to make every effort to ensure full project integration.

SENATOR LAUTENBERG: Aren't there a number of major systems

whose requirements have not all been tested for integration in the overall system because it would require modifying contracts?

ANSWER: The FAA contracts for specific NAS equipments, such as ASR-9 or Mode S, from prime contractors. The prime contractors must provide proper interfaces for their particular equipment into the air traffic control system. These prime contractors usually deliver, install, and test their equipment before it is accepted at a particular site. However, systems integration is conducted by the FAA and not by these individual prime contractors. They do not have sufficient knowledge and expertise at the NAS system level to perform this work. The FAA, in conjunction with the System Engineering and Integration (SEI) contractor, is providing the system test planning, verification, and analysis to insure system integration.

The FAA is conducting integration testing on all major systems either at the FAA Technical Center or at key field sites. We are continuing to identify and validate integration testing requirements through a careful and deliberate process that defines the integration test requirements, develops the proper testing procedures, analyzes the test results and then, if shortfalls are identified, determines the corrective action.

The FAA recognized the importance of integration testing and has implemented through recent management actions improved internal controls on testing by (1) publishing an FAA Test Policy dated December 30, 1986; (2) developing a NAS Verification Plan, final draft dated January 16, 1987; (3) continuing to develop the overall Systems Test Bed at the FAATC in New Jersey and publishing a FAATC Test Plan; and (4) conducting a Deployment Readiness Review of each major system that examines all aspects of testing prior to the first system being delivered to the field.

NAS PLAN PROCUREMENT

SENATOR LAUTENBERG: Take the Microwave Landing System, for example, which you cite as one of the procurements you intend to make. Specifically, were earlier production units delivered to FAA specifications in a real operational environment?

ANSWER: Extensive testing over the last 10 years has demonstrated that a number of MLS designs by different manufacturers meet specification requirements in typical operational environments. In addition, there are a number of systems presently in operation in the U.S. and Canada that demonstrate that MLS meets specification requirements in real operational environments.

SENATOR LAUTENBERG: Aren't such tests necessary to assure that before we buy more we know the equipment already procured meets system requirements?

ANSWER: The existing contract requires installation of equipment at operational sites to demonstrate that specification requirements are met. The results of these tests will be available before the contract is awarded for the next procurement.

SENATOR LAUTENBERG: Also, do you intend to procure Instrument Landing System (ILS) at the same time?

ANSWER: A policy which would allow the establishment of ILS to serve airports with a critical aeronautical need is currently under consideration.

SENATOR LAUTENBERG: If so, how much do you plan to spend for them?

ANSWER: The expected number of systems and the costs involved for facility establishments cannot be determined at this time. Those locations which meet selection criteria will be reviewed on a case-by-case; only then can a realistic estimate be made.

SENATOR LAUTENBERG: You state that 90 percent of the NAS Plan projects will be underway by the end of this Fiscal Year. Does that mean that procurement contracts will be awarded for 90 percent of the projects.

ANSWER: About two-thirds of the programs in the NAS Plan require the award of major equipment contracts. Approximately 90 percent of these programs will have had the initial contract awarded by the end of FY 1987. A few of the programs such as MLS and MODE S will require award of a second or third contact to purchase the large number of systems required over multiple years.

SENATOR LAUTENBERG: If so, what steps are you taking to assure that problems with past procurements such as inadequate testing before installation and the understatement of technical risks are avoided?

ANSWER: Understatement of technical risk is avoided through risk analysis and risk reduction processes conducted prior to project implementation. The risk analysis is conducted at both the system design and project implementation level. Risk reduction processes include: research and development like that done for the Mode Select (MODE S) Beacon project, prototype development as was the case with the Maintenance Control Center (MCC) or a design competition such as that being conducted for the Advanced Automation System (AAS).

As suggested by MITRE and Martin Marietta (SEI contractor), FAA is working to verify that projects are in compliance with all testing and evaluation requirements. As a part of this effort, we have instituted a Deployment of Readiness Review (DRR) for NAS Plan projects to insure that they are operationally suitable before field deployment and installation.

The Testing and Evaluation (T&E) Program Order was signed December 1985. This order identifies a process with responsibilities aimed at planning and executing a T&E program for NAS Plan project that results in an effective transition through all phases of a project's life cycle. This order also provides procedures to assure compliance to NAS System Specification (NAS-SS-1000) by all NAS Plan projects.

SCHEDULE SLIPPAGE

SENATOR LAUTENBERG: Are you maintaining the original implementation schedule on all NAS projects for which the Congress has already provided funding?

ANSWER: There have been slippages in some programs and there are reasons for those slippages. The General Accounting Office has reported that the FAA has experienced schedule delays of up to 7 years on 11 major NAS Plan programs. The GAO uses the original 1981 NAS Plan as the baseline for its calculations. We do not consider this to be the appropriate baseline from which to measure FAA progress. The 1983 NAS Plan is a far more accurate baseline

for comparing cost estimates and schedules than the 1981 NAS Plan. The 1981 NAS Plan was the first attempt to integrate all the NAS Plan projects in a sinle plan and develop consistent cost estimates. It was done under a great deal of time pressure and was intended as a starting point for discussion. The 1983 NAS Plan, on the other hand, benefited from two years of additional analysis. The cost estimates were more detailed, and the coordinated schedule of projects was more realistic. Measuring progress against the 1981 document discounts the enormous achievements made over the past 5 years. The 1983 edition of the Plan also adds the Area Control Facility (ACF) concept for the first time.

The following list identifies the 11 programs questioned by the General Accounting Office plus Terminal Doppler Weather Radar (TDWR) and includes the FAA's analysis of the reasons for those delays.

REASONS FOR SLIPPAGES IN MAJOR NAS PLAN PROJECTS

MSA Project	Reason for Slip	Slip From 1983 NAS
HOST	Contractor delays in software coding and documentation.	6 months
AAS	Additional requirements added (color/AERA) and provision for preproduction testing.	2 years
VSCS	Additional Requirements (number of operational positions, redundancy) and testing to reduce risk.	1 year
FSAS	Implementation started in 1986.	2 years
AWOS	Contractor difficulty complying with Critical Design Review requirements and failure to perform required quality assurance procedures.	2 years
CWP	Addition of prototype phase, redefinition of statement of work with contractor (NASA/JPL), less than optimum contractor staffing.	3 years
Long Range Radar (ASR-4/ FARR)	Delay in consummating FAA/USAF agreement on number of systems required and funding.	4 years
MODE-S	Prototype added, clarification of specifications, revised test plan, contractor late meeting critical design review.	4 years
ASR-9	Delay in completion of critical design review, problems in system integration testing, FAA rejection of inadequate test procedures, contractor problem obtaining critical parts.	3 years

MLS	Delay in contractor software coding; changes of deployment location/runway; delay in receipt of valid frequency assignments.	2 years
RML	Implementation started in 1986.	1 year
TDWR (New Project in 1986 plan)	Revision of draft project specification evaluation of impact of various siting options.	1 year

FAA TECHNICAL SERVICES SUPPORT CONTRACT

SENATOR LAUTENBERG: In January 1986, FAA issued a draft statement of work for a Technical Support Services Contract (TSSC) which would include on-site design, construction, electronic engineering support and installation of NAS Plan equipment and systems. This statement of work envisioned selection of a prime contractor for the TSSC under Brooks Act procedures. I understand that a number of observers, both within FAA and outside, believe that such an approach would improve accountability during the implementation phase of NAS Plan projects. Now I understand that the Department and FAA have changed directions and intend to assign a major part of the site-specific design work to the System Engineering and Integration Contract. What is the current status of the TSSC contract?

ANSWER: The workload associated with site preparation, "hands-on" installation and test of the new NAS equipment will require substantial supplementing of FAA's regional Facilities and Equipment personnel. To meet this need, FAA will competitively contract for a national Technical Support Services Contract (TSSC) to provide the needed personnel to supplement our current regional staffs. We plan to issue a Request for Proposals (RFP) for the TSSC by June 1987. The proposed schedule for award of the TSSC is early to mid 1988. Design and Construction will be handled by both FAA and the SEI within existing work forces.

SENATOR LAUTENBERG: Please compare the allocation of tasks among contractors and FAA organizational units under the original TSSC Statement of Work with that under the revised TSSC. Work elements compared should include: architecture and engineering; construction management; local permit acquisition; equipment installation; coordination of national and regional schedules; site preparation; and actual construction.

ANSWER: The original draft statement of work (SOW) for the TSSC was made available to industry to comment in December 1985. The scope of the SOW at that time included limited architect and engineering (A&E) design along within construction of a number of radar buildings. However, the majority of the effort dealt with site preparation, electronics installation, and hands-on testing. A competitive bid process was anticipated for the TSSC.

Extensive analysis of the TSSC approach was conducted as a result of the NAS Plan mid-course analysis directed by the Administrator in July 1986. Since the FAA had an A&E contractor, Ralph M. Parsons, as a part of the Martin Marietta Systems Engineering and Integration (SEI) Contract already under contract to provide the A&E design work that element was dropped from the

TSSC. The Martin Marietta/Ralph M. Parsons team has demonstrated a strong capability in A&E design. An example is their success in the Air Route Traffic Control Center (ARTCC) building construction program. In addition, it was determined that regional FAA personnel could best provide for actual construction contracting and management. As a result, the A&E and construction of radar buildings was removed leaving the site preparation, installation, and hands-on testing in the TSSC scope of effort.

The FAA regional offices will have authority to implement the projects operating under the overall direction and guidance provided by the NAS Program Management organization at FAA headquarters. The SEI contractor supports the regions in (1) coordination of national and regional schedules and (2) architecture and engineering design. The TSSC will support the regions in equipment site preparation, installation, hands-on test. The FAA regional personnel will handle construction contracting and management including any local permit acquisition.

SENATOR LAUTENBERG: Will the SEI contractor and/or its subcontractors receive additional compensation for services provided under the revised TSSC? If so, how much?

ANSWER: No.

SENATOR LAUTENBERG: If not, why not? That is, how will these additional tasks be accomplished without additional staffing and costs?

ANSWER: Our intent is to give the SEI more implementation engineering responsibility. This will be accomplished by a prioritization of resources under the SEI contract and within the current contract funding to ensure that the regional requirements are met. The work is already contained within the scope of the current SEI contract.

SENATOR LAUTENBERG: Please provide for the record a detailed comparative analysis of the costs and benefits of the original (i.e., January 1986 Statement of Work) and revised TSSC.

ANSWER: The cost estimated for the original Statement of Work was approximately $360 million. The same amount is being estimated for the Statement of Work to be issued in June 1987.

AVIATION SAFETY--TRANSPONDERS ON AIRCRAFT

SENATOR LAUTENBERG: In your statement you say that you are considering extending the rule that requires aircraft entering the airspace around the airport to be equipped with an altitude reporting transponder to some additional cities. If we already know that safety is enhanced when all aircraft are equipped with a transponder, why are you taking such an incremental approach to the problem?

ANSWER: The Federal Aviation Administration (FAA) proposes expanded use of altitude reporting equipment within 30 nautical miles of the primary airport in a terminal control area (TCA). TCA's represent high density, complex traffic airspace areas around the Nation's busiest metropolitan areas. These areas exhibit the greatest need for positive and constant altitude information. The requirement for altitude reporting information is therefore applied to areas of greatest need.

SENATOR LAUTENBERG: Why not make it a general requirement that would apply to all control areas? At the very least, why shouldn't it apply to all of those where you have a mix of general aviation aircraft and passenger aircraft?

ANSWER: The FAA encourages voluntary equipage and use of transponder and altitude reporting equipment. FAA support in this area is consistent with a steady, progressive general aviation trend of voluntary equipage. The FAA does not support mandatory equipage in control areas where a high level of safety through traffic separation and advisory services can be provided without the use of these transponders.

SENATOR LAUTENBERG: Shouldn't all aircraft operating in the vicinity of control areas be equipped with an altitude reporting transponder so that controllers know where they are if they penetrate the control area?

ANSWER: Under the FAA's proposal, all aircraft operating within 30 miles of a primary TCA airport would be required to use an altitude reporting transponder. There are other rules that apply in less congested airspace that offer extra protection to both the airport user and airplanes passing through these areas.

SENATOR LAUTENBERG: After all, there are no signs in the sky alerting pilots that they are about to enter restricted airspace and if controllers don't know where they are they can't do much about the situation. Can they?

ANSWER: The pilot has ultimate responsibility for the safe operation of his/her aircraft. Air traffic control (ATC) services are designed to help meet that basic responsibility. In an effort to assist the pilot in complying with this responsibility, the FAA will be redesigning its TCAs to make them easier to understand, it will double the minimum automatic pilot license suspension period for pilots entering a TCA without permission, and it is establishing an intensive campaign to educate pilots about TCAs. These efforts, along with rulemakings aimed at increasing the use of altitude reporting transponders, are an effective and reasonable approach that considers the needs and capabilities of all airspace users.

FAA TRANSPONDER RULEMAKING

SENATOR LAUTENBERG: During the past several months, there has been a series of midair collisions involving general aviation aircraft and commercial airlines (Los Angeles, Salt Lake City). Last month, a corporate aircraft collided with a military plane in controlled airspace near Kansas City. About the same time, there was almost a replay of the Cerritos tragedy over Los Angeles. A few days ago, a near midair between a Cessna and a commercial airliner over New Jersey was reported. Near midair collisions in 1986 totalled 828 - 2.26/day - up by 9.2 percent over 1985.

The FY 1987 continuing resolution includes language requiring FAA to begin a rulemaking proceeding to consider the issue of requiring all aircraft in controlled airspace to have automatic altitude reporting (Mode C) transponders. The report accompanying the C.R. directs FAA to complete the rulemaking and publish a final rule no later than November 1, 1987. Will you have a rule completed by then?

ANSWER: The continuing resolution requires the FAA to consider the issue of requiring all aircraft to have automatic

altitude reporting (Mode C) transponders in 180 terminal areas and in certain other airspace. It provides FAA latitude in exercising judgement and experience in determining areas of application. The FAA has initiated rulemaking which the agency believes is a reasoned and logical first step towards any future application of altitude reporting equipment in the National Airspace System. This involves application of Mode C requirements within 30 nautical miles of the primary airport in a terminal control area. Final rule action is expected on/about December 1, 1987.

SENATOR LAUTENBERG: Why shouldn't all aircraft be required to carry such transponders?

ANSWER: The bulk of airspace users in the National Airspace System are general aviation aircraft, a majority of which operate in lower-density terminal and en route airspace areas. The FAA encourages voluntary equipage by those users who do not intend to fly within the primary TCA airspace. I feel, however, that a requirement that applies to all aircraft, regardless of the type of airspace involved, ignores the different needs and capabilities of the various users. I favor strict rules for operation in those areas that have the greatest need.

AVIATION SAFETY (BYRD) COMMISSION

SENATOR LAUTENBERG: The distinguished Majority Leader, Senator Byrd, attached an amendment to the Continuing Resolution last year establishing an Aviation Safety Commission. That legislation mandated the appointment of the Commission within 30 days after the date of enactment. The Continuing Resolution was enacted last October. To date, the Commission has not been appointed. Why? Have you recommended persons for appointment to this Commission to the White House? When did you send your recommendations to the White House? Why is the Administration refusing to comply with the law on this matter?

ANSWER: Our recommendation for appointments to this Commission was sent to the White House in November 1986.

There has been no refusal to comply with the law as we support the purpose and objectives of the Byrd Commission. All appointments to the Commission are subject to the regular checks and clearances used for such Presidential appointments, such as FBI background investigations, which are time-consuming.

SENATOR LAUTENBERG: The Aviation Safety Commission Act also requires the Commission to report its safety findings to Congress and the President within 9 months of the date of enactment. This makes the report due in late July. When do you think we can expect this report to be completed?

ANSWER: We have no information or reason to believe that the report will be delayed beyond the established due date.

FAA ENFORCEMENT/INSPECTIONS

SENATOR LAUTENBERG: You indicate you are seeking to standardize the application of regulatory policy by revising your internal handbooks and by establishing quantitative criteria for your surveillance and inspection programs. What controls have you established to assure that your inspections workforce complies with these new standards?

ANSWER: The Federal Aviation Administration has established a staff within the Office of Flight Standards to operate an internal evaluation system which assesses all areas of functional responsibility within the organization, including inspection functions. The system is designed to assess the adequacy of and compliance with policy, guidance and standards conducive to improving safety and inspection priorities and procedures. The first evaluations are to be conducted during FY 1987. The system will provide management with the data necessary for decisionmaking to improve the overall effectiveness of field and headquarters organizations.

AVIATION SAFETY ENFORCEMENT EASTERN SETTLEMENT

SENATOR LAUTENBERG: The total fines charged against Eastern by the FAA came to $78 million. You settled for $9.4 million or 12¢ on the dollar. Doesn't this kind of a discounted settlement send the wrong signal - i.e. that you are soft on safety enforcement?

ANSWER: The civil penalty paid by Eastern was not a discounted settlement and certainly not a signal to air carriers that the FAA is soft on safety enforcement. Just the opposite is true. The $78 million figure represented the statutory maximum for 78,000 violations ($1,000 for each violation), not necessarily the appropriate civil penalty, nor necessarily the penalty a U.S. District Judge would have imposed. The FAA had originally sought to collect $9.5 million from Eastern for its violations and the amount collected represents the largest such civil penalty ever collected.

SENATOR LAUTENBERG: Would you supply for the record a listing of all civil penalties imposed in FY 86 and FY 87 to date, indicating:

1. The organization/carrier against whom the penalties were assessed?
2. The type of violation involved; and
3. The amount of penalty originally assessed by FAA for each case.

ANSWER: A listing of civil penalties has been provided to the Committee.

AVIATION SAFETY ENFORCEMENT ADEQUACY OF FINES

SENATOR LAUTENBERG: The maximum fine for violation of FAA regulations is $1,000/violation. This was established in 1958. Simply to adjust for inflation the penalty should be four times that amount. Don't you think it should be increased?

ANSWER: Yes, the Department has supported legislation to increase civil penalties.

SENATOR LAUTENBERG: Another suggestion I have heard is that changing the law to make airline officials and employees personally liable to civil or criminal penalties for willful, knowing violations of critical safety regulations would help to deter noncompliance. Has the department ever reviewed this idea? Would you support such a proposal in concept?

ANSWER: Regarding making airline officials and employees personally liable we would support such a proposal if it were amply shown that an airline official had previously directed or approved the violative conduct. With regard to criminal

penalties, we would support such penalties only for violations involving fraud, intentional falsification or deliberate violative conduct (personally directed or approved) which create significant safety deficiencies.

AVIATION SAFETY ENFORCEMENT REPORT

SENATOR LAUTENBERG: The FY 1987 Continuing Resolution included language requiring the submission of a Report on Safety Enforcement Program Performance by February 1, 1987. The Report is to include information and data than can be used to assess the achievement of safety enforcement objectives. What is the status of the Report?

ANSWER: It is expected that the report will be received in the Office of the Secretary for review within the next few days.

AVIATION SAFETY ENFORCEMENT/INSPECTIONS

SENATOR LAUTENBERG: You state that your stepped-up inspections programs has led to the "imposition of millions of dollars in fines, including the recent $9.5 million settlement by Eastern Airlines ...." What does this imply about the general state of compliance with FAA safety regulations by commercial carriers?

ANSWER: The recent fines suggest that the general state of compliance with FAA safety regulations by commercial carriers is not what it should be, but the fines also emphasize our seriousness about imposing significant sanctions when noncompliance is discovered. Through the fines, we are insisting upon continuing vigilance by air carriers to ensure that safety systems are intact and that these systems conform to FAA regulations. The goal of the compliance and enforcement program is to encourage voluntary compliance with safety rules through the development of sound safety systems and self-policing by air carriers.

SENATOR LAUTENBERG: Are you concerned that noncompliance is more widespread than you thought?

ANSWER: The FAA is concerned about the apparent magnitude of noncompliance in some areas of air carrier operations. More important we have been concerned about FAA's past inability to effectively deal with noncompliance due to insufficient safety inspector staffing. Several studies such as the 1984 National Air Transportation Inspection report, the 1985 Safety Review Task Force report, and the 1985 Project SAFE report have found that increases to FAA's safety inspector work force are required to properly monitor the deregulated air carrier industry. Since 1984, we have been steadily increasing the safety inspector staff, we are requesting additional personnel in FY 1988, and intend to request further increases in the years beyond FY 1988 to meet the work demands of ensuring that industry is complying with standards.

SENATOR LAUTENBERG: If the noncompliance is prevalent among scheduled airlines, how serious do you think it is in general aviation?

ANSWER: The General Aviation Safety Audit (GASA), which was completed in 1986, found on average a 91 percent compliance rate

among operators, air agencies, aircraft, and airmen operating in general aviation. This compares with a 95 percent compliance rate among the air carriers inspected during the 1984 National Air Transportation Inspection. Recent inspections under the National Aviation Safety Inspection Program (NASIP) do not indicate any significant changes in these basic statistics. The NASIP inspections emphasize the basic tenet that effective safety regulation requires continuing vigilance, rigorous enforcement, and fair but significant sanctions for noncompliance.

FAA NEAR MIDAIR COLLISIONS AND OPERATIONAL ERRORS
(1980 - PRESENT)

SENATOR LAUTENBERG: Please provide for the record tables displaying Near Midair Collisions, Operational Errors and Surface Errors in toto and by FAA region from 1980 to present.

ANSWER: Attached are the tables displaying Near Midair Collisions in toto and by FAA regions from 1981 to the present. Near Midair Collision Data for 1980 are not available, since the Office of Aviation Safety Near Midair Collision Data System only contains the data from 1981 to present. Operational Errors and Surface Errors in toto and by FAA regions are tabulated for the period 1985 to present. The 1980 to 1984 Operational Errors and Surface Errors are not available because FAA's Air Traffic Office does not maintain incident reports that are more than 3 years old.

Near Midair Collision Reports, 1981 - Present

REGIONS	1981	1982	1983	1984	1985	1986	1987-PRESENT
AAL	6	4	7	19	32	22	2
ACE	15	8	15	20	23	20	4
AEA	34	14	36	79	66	75	16
AGL	46	33	41	49	79	89	14
ANE	14	11	12	13	26	36	5
ANM	18	23	20	41	41	68	14
ASO	60	48	101	91	159	163	27
ASW	77	64	100	95	85	98	13
AWP	124	106	143	182	247	268	61
TOTALS	394	311	475	589	758	839	156

Total Number of Reports 1985 - Present

Region	1985		1986		1987 to Present	
	O. E.	S. E.	O. E.	S. E.	O. E.	S. E.
AEA	276	9	196	9	47	5
ANE	60	2	66	5	11	2
ASO	252	18	217	19	57	1
AWP	169	20	169	26	48	3
ACE	63	8	46	9	5	0
ANM	84	6	82	5	13	2
AAL	11	1	9	3	5	0
AGL	313	19	304	23	35	0
ASW	174	14	113	15	26	1
TOTAL	1402	97	1202	114	247	14

NOTE: O.E. = Number of Operational Errors
S.E. = Number of Surface Errors

AS OF 2/25/87

AVIATION SECURITY

SENATOR LAUTENBERG: The request for FAA Operations ($1.9 billion, up by $170.8 million over last year), includes funds for additional aviation security personnel. What is the authorized and current on-board strength of the security workforce?

ANSWER: The authorized level for the aviation security program is 429. As of January 31, 1987, the on-board strength was 380.

SENATOR LAUTENBERG: How many Air Marshals do you have available?

ANSWER: As of January 31, 1987, there were 320 special agents on-board. Air Marshals are included in this category.

SENATOR LAUTENBERG: How many additional security positions does the FY 1988 request include?

ANSWER: The FY 1988 budget includes a request for 87 additional positions.

AVIATION PRIVATIZATION

SENATOR LAUTENBERG: How far is the Department willing to promote privatization efforts? That is, an aviation industry group recently called for the privatization of the nation's air system including flight service stations and individual towers. Do you support this privatization effort? If not, why not?

ANSWER: The Administration would be interested in privatizing any Federal activities where appropriate, including FAA activities. An underlying goal, often repeated by the President, is to reduce the size of government where it makes sense to do so. We will ask the Aviation Safety ("Bryd") Commission to review FAA's functions and consider which of FAA's functions might be better performed by some arrangement other than the current one. We will consider the Commission's findings and

make appropriate funding and policy adjustments in the next FAA reauthorization request.

The FAA already has a program through which it contracts for the operation of FAA low activity control towers that do not meet the criteria for continued operation by the federal government. In addition, the FAA will fulfill its requirement for the display of weather graphics in automated flight service stations through procurement of these services from the private sector. Additionally, the FAA works to publicize to users the availability of aviation services from the private sector. This is accomplished through aviation organizations and literature.

SENATOR LAUTENBERG: Why should air traffic control remain under Federal control? Please elaborate.

ANSWER: We believe that any proposal to privatize any or all of FAA's functions must be examined carefully. All of the privatization proposals seek to separate the responsibilities of operating the air traffic control system from that of ensuring its safety. Since FAA presently has the responsibility for both, we are determined that any such separation should not compromise safety.

EXPANDED EAST COAST PLAN

SENATOR LAUTENBERG: The FAA began implementation of the Expanded East Coast Plan on February 12. The plan is intended to provide better air traffic routing and reduce delays, especially at airports like Newark which have experienced recent rapid growth. I certainly support making the system more efficient and reducing delays. But the controllers in the New York/New Jersey area have expressed concern about the adequacy of the staffing and training necessary to support the change. What have you done to address their concerns?

ANSWER: Our planning efforts associated with the Expanded East Coast Plan (EECP) have, from the beginning, taken into consideration staffing requirements at all affected facilities. Management has been open and candid with all personnel about staffing levels and plans to achieve them. If necessary, FAA will supplement the controller workforce with the assignment of currently fully qualified controller personnel who are working in staff functions at the facility. In addition to specific efforts to ensure adequate facility staffing levels, FAA has undertaken a series of other initiatives in direct support of the EECP implementation including a comprehensive training effort for all controller and supervisory personnel affected by changes associated with the EECP. Beyond the major changes that have already been implemented, we are continuing to study the best ways to bring about the full benefit of the EECP, including the assessment of long-range scheduling and staffing requirements. The future implementation schedule has been adjusted to ensure that there will be adequate time for training and staffing adjustments to avoid undue overtime or excessive disruptions to the prime vacation period in 1987. Initial responses from the facilities involved indicated a high degree of controller and user acceptance of the February 12 phase of the plan. The Air Transport Association (ATA) has commended FAA for the smooth implementation of the EECP. A letter from Director Glenn Morse to FAA's Eastern Region Director Joe DelBalzo said, "I want to

acknowledge formally the outstanding job done by all of the divisions in the Eastern Region during the development and implementation of Phase I of the Expanded East Coast Plan. Congratulations on a smooth cutover." A 21-day survey indicates a reduction of delays in the New York Metropolitan Area (Newark, LaGuardia, and Kennedy) of approximately 17 percent.

SENATOR LAUTENBERG: How many FPL controllers does the plan assume for affected facilities? For Newark?

ANSWER: New York TRACON-90, New York ARTCC-170, Washington ARTCC-230, Boston ARTCC-165, Baltimore-Washington International-29, Washington National-33, JFK-15, LaGuardia-18, Dulles-51, and Newark-18.

SENATOR LAUTENBERG: How many FPL's do you have on board in the affected facilities?

ANSWER: On January 31, 1987, we had the following FPL staffing. New York TRACON-99, New York ARTCC-172, Washington ARTCC-234, Boston ARTCC-158, Baltimore-Washington International-35, Washington National-39, JFK-15, LaGuardia-15, Dulles-24, and Newark-24.

AIRPORT SLOT BUY/SELL

SENATOR LAUTENBERG: Provide for the record a listing of all the transactions that have taken place under this rule, including the price of each slot and the total value of all slot transactions.

ANSWER: We have provided to Committee staff a separate listing of the slot transactions that have taken place through March 1, 1987, under the airport slot buy/sell rule. Our list of transactions does not include "even" slot exchanges (e.g., a one-for-one slot trade) because this kind of exchange was permitted prior to the buy/sell rule. We do not require that information on the price or value of slots to be provided to us, nor do we have that information from any other sources. We are aware that slot values vary widely, depending on the airport and the time of day of the slot and also on whether the slot is an air carrier slot or a commuter slot.

SENATOR LAUTENBERG: Why should the Federal Government give away these assets and allow the airlines to (1) make a profit on them and (2) control access to these major hub airports?

ANSWER: The slot allocation process that was in place prior to the buy/sell rule, under which airline scheduling committees met and determined who could operate and at what hours of the day had become unworkable because the scheduling committees deadlocked without reaching agreement. A new allocation process was needed and, after evaluating several alternatives we settled on the buy/sell slot rule as the one approach which:

(a) would be workable in a practical sense,
(b) would allow flexibility for airlines to make scheduling changes,
(c) would promote the most efficient and productive use of valuable slot rights, and
(d) would not create abrupt, disruptive changes in air transportation services.

While it is true that airlines can make a profit by selling slots, this is offset by the fact that these same airlines had spent years

investing in and promoting service to high-density airports. During this time, incumbent airlines had given up their slots to accommodate the demands of new entrant airlines. Moreover, at the outset of the buy/sell policy, 5% of the slots were transferred from the large incumbent airlines to new entrant and small incumbent airlines. As to airline control of access to the four high density airports, there are too many different airlines holding slots, each with a different agenda, for any single airline to control access or to lock out a competitor. The only way this could occur is if several large slotholders agreed to collude to prevent another carrier from obtaining slots. Large slotholders are so competitive with each other at these airports that we find it extremely unlikely they would attempt such collusion and, moreover, they would be subject to enforcement action by DOT and the Justice Department for violating the antitrust laws.

SENATOR LAUTENBERG: Why not, at a minimum, impose a transfer tax on slot sales?

ANSWER: We feel that a special transfer tax would be inappropriate, because airlines have made substantial investments over the years in the slots they hold and they have been penalized already in having to surrender slots to new entrants. Moreover, if a special transfer tax were imposed on slot sales it would have a chilling effect on the willingness of slotholders to sell their slots to new entrants and others, thereby undermining competition and efficient use of slots. Finally, we would point out that airlines are already subject to normal U.S. corporate taxes on any revenues generated from slot sales.

SENATOR LAUTENBERG: What has the impact been on concentration at the airports involved, on scheduling, and on delays?

ANSWER: During the past year, there have been significant changes in the structure of the airline industry, such that it would be virtually impossible to separate out the impact of the buy/sell policy on concentration. As to the impact of the policy on scheduling and delays, it is unlikely that the buy/sell policy could have affected scheduling and delays, since the total number of slots and the time periods in which they can be used was fixed in place prior to the issuance of the policy.

SENATOR LAUTENBERG: Has scheduled service to small and medium sized communities been reduced since this rule went into effect?

ANSWER: We think that service to small and medium sized communities has remained at about the same level. Since we do not regulate routes and carriers are free to alter the communities they serve with slots at any time, we do not have a record of this kind of information.

SENATOR LAUTENBERG: Provide a list of the communities where scheduled service has been reduced since the rule went into effect.

ANSWER: We do not have a record of that kind of information.

SENATOR LAUTENBERG: Please provide an update of the list of slot holdings provided for the record last year.

ANSWER: We have provided to Committee staff a separate listing of the slot holdings for each of the four high density airports -- Washington National, New York JFK, New York LaGuardia, and Chicago O'Hare.

SENATOR LAUTENBERG: Please provide the Committee, for the record, information on the sale of U.S. international air routes, including identification of the purchaser, seller, price and route. Please provide this information for the last three years.

ANSWER: The only sale of international air routes in the last three years involved Pacific routes which Pan American sold to United in late 1985. United acquired Pan American routes in the North Pacific involving service from the U.S. to Japan and beyond to other Far East points, Central Pacific routes from the U.S. to Far East points other than Japan and South Pacific routes from the U.S. to Australia, New Zealand, and the Pacific Islands. The total price for Pan American's Pacific Division as an ongoing business was $750 million and the sale included the aircraft necessary to operate the routes as well as land and other capital assets needed for the operation.

DELAYS/SCHEDULING ABUSES

SENATOR LAUTENBERG: Has your investigation of Airline scheduling practices identified any abuses? What are your preliminary findings?

ANSWER: We have not as yet been able to identify any actual airline abuses as a result of our investigation of scheduling practices at Atlanta's Hartsfield International Airport. The information we have reviewed does indicate that there is a delay problem with flights at Atlanta with certain flights routinely being delayed. However, this information is based on a very limited sample of data (covering no more than 6 specific weeks over a 9-month period) and does not pin down the causes of the delays. We are reviewing the data closely and are considering the need to ask for additional information on certain flights from the Atlanta carriers. Also, extending the investigation to other airports could enable us to place the Atlanta data in a better perspective.

DELAYS/FLOW CONTROL AND SEPARATION

SENATOR LAUTENBERG: Part of your program involved reducing both flow control restrictions and en route aircraft separation standards. Would you explain what exactly these changes entail?

ANSWER: Improved efficiency and delay reduction continue to be among my top priorities. The February 23 National Traffic Management Conference, which included representatives from all major air traffic facilities, focused on flow control restrictions, or miles-in-trail (MIT). MIT is not a reduction in separation standards, but instead is a reduction of the operational distance between aircraft that is used to enhance the flow of aircraft all travelling over the same geographic location. MIT is established by air traffic facilities on certain routes to accommodate problems such as congestion at airports, weather, and equipment failures. At the Conference, we introduced the following measures to reduce flow control restrictions:

- o A nationwide baseline of no more than 10 MIT.
- o No MIT more than 300 miles from a destination airport that initiated restrictions.
- o Multiple departure routes to expedite departures (such as in the East Coast Plan).

Substantial reductions in the total hours of restrictions will be realized. Reductions projected during the initial 30 days

following the conference indicate a 25 percent decrease in 25 MIT; 28 percent in 20 MIT; and 96 percent in 30 MIT.

Additional gains based on current traffic levels are expected with the full implementation of all initiatives prior to summer traffic periods.

SENATOR LAUTENBERG: Doesn't reducing separation standards reduce safety margins?

ANSWER: Reducing MIT is not a reduction in separation standards, and we would not reduce MIT to a point that would compromise established safety margins. MIT is used regardless of the altitude of the aircraft involved and is essentially a metering or volume controlling technique.

DELAY/AIRBORNE HOLDING

SENATOR LAUTENBERG: Are you considering removing or further reducing flow controls and increasing airborne holding as a solution to delays?

ANSWER: We do intend to reduce restrictions on traffic whenever and wherever possible, but safety is always paramount. Airborne holding is just another form of delay. Its only purpose, when it is planned, is to ensure that there is an adequate reservoir of aircraft at the destinaton to ensure that there are no gaps in the approach sequence. There is a minimum of that kind of holding today. It may only increase slightly. We do not plan as a matter of policy to return to the prestrike levels of airborne holding.

DELAYS/"ON TIME RECORDS"

SENATOR LAUTENBERG: I know you share my concern with the growing problem of airline delays. Delays are up by 25 percent over the last year at the 22 largest airports. Worse yet, 30 percent of all delays are accounted for by four New York/New Jersey airports. This is a major source of inefficiency and public frustration.

You announced a series of steps for dealing with the problem late last month and we'll want to review some of them with you shortly if time permits. Your initiative, however, does not include having FAA publish the "on time/delay" record of the individual airlines. I believe this idea has considerable merit. At the very least, it would give the traveling public some useful information for coping with the aggravating delay problem. It should also provide an incentive for improved performance by the airlines. Why don't you begin publishing this information?

ANSWER: This is certainly one of the things that could be done to help deal with the problem, and we are giving it careful consideration. In dealing with the delay problem, we have tried to look at all the options. First, we are investigating to see if airlines routinely misrepresent their schedules to consumers. Second, we are providing antitrust immunity to airlines to permit joint discussions aimed at adjusting schedules to reduce delays. Third, the FAA is working very hard to address the problem through operational measures such as the East Coast Plan, Tiger Teams, and realignment of controller workloads to get the most efficient use of equipment and controller time. Ok, FAA funding is being

increased and redirected to increase capacity and provide additional controllers.

SENATOR LAUTENBERG: If there are technical problems, why not do a rulemaking?

ANSWER: Rulemaking is one of the measures that we will continue to consider if the circumstances warrant.

DELAYS/ANTITRUST

SENATOR LAUTENBERG: Doesn't your proposal raise some serious anticompetitive problems? How can you be sure that the airlines won't discuss fares as well as scheduling?

ANSWER: We expect that schedule discussions will be necessary for only two airports, O'Hare and Atlanta, although we are authorizing discussions for five more (Boston, Dallas-Fort Worth, Denver, Newark, and Philadelphia) in case the FAA's review of the carriers' proposed summer schedules shows that there will be a serious delay problem at those airports this summer. We expect that the schedule adjustments required at any airport will involve shifting some flights by a relatively few minutes and will not involve the elimination of any flights. The FAA will monitor the discussions to ensure that the carriers don't discuss fares, and representatives of the Department of Justice and DOT will also be present at the discussions, which will be public.

SENATOR LAUTENBERG: What is the reaction of the Department of Justice and OMB to the proposal?

ANSWER: The Department of Justice has stated on behalf of itself and OMB that the discussions did not appear to be necessary, and that they were not convinced that the benefits to be gained from the discussions outweighed the competitive risks.

SENATOR LAUTENBERG: How do you respond to their objections?

ANSWER: We found that the schedule discussions could result in a significant reduction in delays that did not appear to be achievable by any other alternative. For example, the FAA is working vigorously on air traffic control improvements, such as the East Coast Plan, that will increase the system's capacity, but such changes will take time to implement.

SENATOR LAUTENBERG: How many airlines have agreed to participate?

ANSWER: The Air Transport Association, the domestic carriers' trade association, states that its members will participate in the discussions.

DELAYS/PRICING LANDING RIGHTS

SENATOR LAUTENBERG: Former CAB Chairman Alfred Kahn has suggested that charging higher landing fees at peak times would be a better, more efficient solution. What do you think of Kahn's suggestion? Should FAA be given the authority to require such as pricing policy?

ANSWER: We are familiar with Professor Kahn's peak-hour pricing suggestion, as well as other work done on the topic, such as CBO's detailed analysis several years ago. We believe the approach has considerable merit in that higher peak-hour prices will cause usage to shift to off-peak hours, mitigating the need

for airport capacity additions, and will raise revenue that can be used to expand capacity.

While we believe that peak-hour pricing has considerable merit, little is known about its actual effects and how it would work in practice. Simply charging higher landing fees at peak times may not be a solution. Some airports have lease contracts with individual airlines. We are, however, planning some research to examine implementation issues and assess what pricing schemes may be most effective.

At present, a few airports are imposing peak hour pricing and there is no legal prohibition against other airports doing the same. As we accumulate more knowledge about peak-hour pricing, we can better determine whether it would be desirable for FAA to be given the authority to require such a pricing policy.

ORIGINAL FAA REQUEST

SENATOR LAUTENBERG: What was FAA's original request to the Department for Operations? What was the Department's recommendation?

ANSWER:

Initial FAA Estimate	($ in Thousands) Submission to OMB	President's Budget
$3,353,084	$3,313,973	$3,248,288

SENATOR LAUTENBERG: With the Department reducing the FAA Operations request by $39 million and OMB reducing it by another $66 million from the Department's recommendation, where was the reduction taken? What was deleted? Were there any position reductions for controllers, inspectors, security or maintenance workforces?

ANSWER: The reductions were taken primarily in the following areas: recalculation of within-grade increases, inflation and annualization; ADP equipment; salary and related benefits associated with FTE reductions; travel and change of station costs. The Department and OMB approved FAA's request for controller, inspector, and maintenance staffing.

AIRLINE CONCENTRATION/MERGERS

SENATOR LAUTENBERG: A recent study (Airline Economics, Inc.) indicates that 25 airline mergers have taken place over the last 15 months and that nine major carriers now control 94 percent of the domestic market. It appears that USAir is close to taking control of Piedmont and the Department is about to approve American's takeover of AirCal. Is market concentration a threat to competition at this point? At what level would concentration become anticompetitive? What are your criteria for excessive concentration in the market?

ANSWER: Since January 1, 1985, the Department has approved 17 acquisitions involving large jet operators, not including the tentatively approved American-AirCal acquisition. Industry concentration has increased. But increased concentration does not necessarily mean less competition. Competition in the airline industry does not depend solely on counting the number of airlines providing service in a particular market. A significant

and often more important consideration is the ease of entry into and exit from a market. If entry and exit are relatively easy, the airlines providing service will be forced by the marketplace to provide competitive fares and services. The Department, therefore, does not place great emphasis on measuring how mergers and acquisitions would influence the level of market concentration.

There is no evidence to suggest that increased concentration in domestic airline markets has become anticompetitive -- that is, led to higher fares or reduced service. The Department will, of course, continue to evaluate on an ongoing basis the performance of the airline industry, including the effect of mergers and acquisitions on air carrier behavior and performance.

MARTIN MARIETTA CASE

SENATOR LAUTENBERG: Recently the company FAA employs as its systems engineering and integration contractor, Martin Marietta Corporation, pleaded guilty to a fraudulent plan to recover travel rebates from a travel agency for travel conducted at government expense. Under the terms of the settlement, Martin Marietta pleaded guilty to two counts of mail fraud and one count of making a false statement to the Defense Department. The company paid $12,000 in fines, $250,000 to reimburse the cost of the investigation, and $1.3 million travel rebates reimbursement. According to press accounts, Martin Marietta travel reimbursements could be as high as $3 to 4 million by the time the issue is settled. How much money does Martin Marietta owe FAA under the travel rebate settlement? (Note: Employees used PTI and Maxim Group Travel Subsidiaries while developing their proposal and performing under the subsequent contract.)

ANSWER: The FAA has not determined what amount, if any, Martin Marietta owes the agency for travel rebates. The FAA and the Office of the Inspector General of the Department of Transportation currently are examining costs charged to Martin's Systems Engineering and Integration contract to determine if any monies are owed the agency.

SENATOR LAUTENBERG: Did you know that the Defense Contract Audit Agency (DCAA) has only reviewed proposed changes in cost and pricing contract terms, and has not audited Martin Marietta voucher claims for reimbursement?

ANSWER: To date, DCAA has issued audit reports on proposals (pre-awards), cost accounting standards, internal controls, and forward pricing rates. DCAA received Martin Marietta's FY 1984 and FY 1985 cost submissions but returned them to the company because they were incomplete. DCAA is awaiting Martin Marietta's revised cost submissions. Upon receipt, DCAA will review the incurred costs.

With respect to the fraudulent plan to recover travel rebates, officials of the DOT and DOD Office of Inspectors General met on February 27 regarding this matter. In those meetings we stated our interest in seeking reimbursement from Martin Marietta for any monies owed the Department of Transportation. We were advised that the Defense Logistics Agency is negotiating a final settlement figure based upon the total dollar amounts that Martin Marietta had processed through their in-house travel agency. We are coordinating with the FAA contracting officer to verify if there

are any other billings that are not covered by the plea agreement in the DOD case. This situation was also discussed with the United States Attorney's Office in Baltimore, Maryland, and we were advised that under the terms of the plea agreement, no further criminal charges could be brought but that the matter could be pursued civilly. The decision to pursue either civil or administrative action against Martin Marietta will be based on the outcome and scope of the pending settlement between Martin Marietta and the Department of Defense.

SENATOR LAUTENBERG: How many DCAA audit requests has FAA or DOT initiated with respect to the SEIC?

ANSWER: When the SEI contract was awarded to Martin, the DOT/OIG made one request (EFA84-064) on May 1, 1984 to cover all the audit work by DCAA from inception through completion of the contract. Individual assignments on various aspects of the contract have been submitted to DCAA. To date, DCAA has issued 18 audit reports on the SEIC.

OFFICE OF INSPECTOR GENERAL AUDITS

SENATOR LAUTENBERG: I understand the current estimated value of the existing SEI contract, with its modifications, performance award fee pool, and two options, is about $900 million. That includes about $225 million in two modifications submitted by the contractor. How many Office of Inspector General (OIG) audits of this contract have there been?

ANSWER: The OIG has initiated 4 audits of the SEI contract. These audits are: 1. System Engineering and Integration Contract Award Fee Process (AV-FA-6-034). This audit disclosed that FAA needs to ensure more effective use of the $83 million in award fees by: (a) strengthening procedures for awarding carryover fees; (b) improving the performance evaluation plan to ensure that future award fees will be based on reliable and creditable determinations; and (c) ensuring that the performance evaluation plan is uniformly interpreted and implemented. 2. Selected Relocation Costs Incurred by the System Engineering and Integration Contractor (AV-FA-7-005). This audit disclosed that the contractor charged over $1.2 million to the FAA contract for unallowable or unsupportable costs. 3. Modifications to the System Engineering and Integration Contract. This audit is currently suspended. 4. System Engineering and Integration Subcontracts. This audit is now in process. The objectives of the audit are to evaluate selected subcontracts to determine (i) the need for the subcontract, (ii) if proper award procedures were followed, and (iii) the adequacy of Martin Marietta's system for assuring that subcontractor costs charged to FAA are reasonable and allowable.

SENATOR LAUTENBERG: Why has the OIG audit concerned with the criteria for initiating the two most costly and significant contract modifications been suspended?

ANSWER: The audit verification work was completed in November 1986 and an exit conference held with FAA. Work on the preparation of the draft audit report was suspended at that time, because of a combination of staffing shortfalls and other priority work involving accountability for property for the Metropolitan Washington Airport transfer.

RELOCATION COSTS

SENATOR LAUTENBERG: A recent OIG audit took issue with several million dollars in relocation expense claims of Martin Marietta employees that were added to the SEIC costs. Did DOT ever attempt to recover any of this money from the contractor?

ANSWER: On January 9, 1987, the Federal Aviation Administration (FAA) directed the contractor to immediately reimburse the FAA for $1,286,496. This sum represents the total of the unallowable and unsupported costs contained in the OIG report. The FAA has not yet received reimbursement.

SENATOR LAUTENBERG: Are you aware that this audit was given to DOT's investigations unit last August for possible contractor abuse, and that no interviews or follow-up work has been conducted since then?

ANSWER: An investigation was initiated on August 29, 1986, based on audit findings, to determine if Martin Marietta employees submitted fraudulent claims for relocation expense reimbursement to which they were not entitled. An interview was conducted as well as review and analysis of both OIG and Martin Marietta documents regarding this matter. The investigation determined that Martin Marietta employees apparently acted in good faith regarding submission of their claims. Their actions were in accordance with existing Martin Marietta corporate policy, which was established in 1982, 2 years prior to the award of the FAA contract. However, Martin Marietta policy did not conform with the applicable Federal Procurement Regulations and those costs were disallowed. The investigation was closed on February 26, 1987.

SENATOR LAUTENBERG: Are you aware that a DCAA audit last February found that the costs Martin Marietta incurred for developing a bid proposal for the Canadian Government could have been included in your Department's payments to Martin Marietta?

ANSWER: We are aware of the DCAA audit which was reflected in DCAA Report #6231-61442001-504 dated January 28, 1986. DCAA found that Martin Marietta has not complied with Cost Accounting Standard 418, Allocation of Direct and Indirect Costs. Martin Marietta started work on a Canadian proposal, but the accounting system for the SEI contract was set up for all labor to be charged direct. The significance of this is that FAA might pay for costs that should be charged to the Canadian proposal because employees are unable to identify how much of their effort should be allocated to different tasks. DCAA recommended that Martin Marietta correct this practice. FAA responded to the above report and indicated that Martin Marietta has revised their accounting system to correct the above noncompliance. Martin Marietta has indicated that they did not improperly charge the Canadian bid and proposal work to FAA. DCAA will verify this when they do the incurred cost audit work.

SENATOR LAUTENBERG: Are you aware of audits suggesting employees of Martin Marietta Air Traffic Division have worked on at least 18 other contracts and contract proposals for other Federal agencies, and may not be properly accounting for their time in the SEI contract?

ANSWER: The OIG is aware that the Air Traffic Division has worked on contracts other than the FAA contract and therefore could

be potentially charging FAA for bid and proposal work applicable to these non-FAA contracts. Based on an FAA contracting officer's concern, the OIG sent a letter to DCAA in March 1986 advising them of this situation. The OIG requested that DCAA assess the situation. As a result, DCAA conducted an audit of Martin Marietta's timekeeping practices. This report (Report No. UX-FA-6-258) recommended that FAA require the contractor to submit actions for strengthening internal controls to ensure adherence by all employees to prescribed timekeeping procedures. As a result of a hotline complaint alleging that improper bid and proposal work was charged to the FAA contract, the OIG requested in November 1986, that DCAA conduct a comprehensive labor audit in order to ascertain the validity of the complaint. DCAA has not issued a report on this request.

AUDITS ON ACCOUNTING FOR COSTS

SENATOR LAUTENBERG: At least a dozen DCAA audits of proposed changes in Martin Marietta's SEI contract since 1984 call attention to deficiencies in accounting support for cost and price claims relating to travel, labor rates, subcontractor changes, overhead allowance, and additional work. Has your Department's OIG ever audited Martin Marietta's cost claims for travel, employee time charges, or overhead items under the existing contract?

ANSWER: The OIG has not audited Martin Marietta's cost claims for travel, employee time charges, or overhead items. Contract audit work is normally performed for the Department of Transportation by DCAA. As long as the DCAA contract audit work is of adequate scope and timely, this is a satisfactory process. However, the OIG can audit Martin Marietta costs as was done in the audit of selected relocation costs (AV-FA-7-005).

INSPECTOR GENERAL'S REPORT ON DRUNK DRIVING AND PILOTS

SENATOR LAUTENBERG: A recent Inspector General's report stated that of the 711,648 active airmen medically certified by FAA, approximately 10,300 had their driving license suspended or revoked for driving while intoxicated within the past 7 years.

Currently FAA regulations do not provide for independent verification of data on drug and alcohol abuse by cross-checking driving records. Do you favor having a system for cross checking driving records in combination with the FAA pilot's licensing program? Suspension or revocation of driving privileges is an effective counter measure in dealing with alcohol offenders. Would you support this in the aviation or rail area? If not, why not?

ANSWER: The Department testified in February 1987 before a House Government's Operations Subcommittee in support of the concept of using National Driver Register (NDR) data to cross-check airman and locomotive engineer driving records, as a basis for qualifying an individual for these safety-sensitive tasks. The Department favors the overall objective of using the NDR to help to identify pilots, engineers, or others whose driving records clearly indicate they are not suited to operate commercial vehicles. The Department is now considering

an appropriate legislative proposal, and will address the specific question of whether suspension or revocation of the airman certificate (or an equivalent locomotive engineer qualification) is the most effective sanction in this area.

OFF-DUTY CHECKS

SENATOR LAUTENBERG: Madam Secretary, do you believe that incidents outside the conduct of professional duties should be considered when considering pilots, engineers, and common carrier driver's fitness for duty? For example, should drunk driving convictions be a factor in determining fitness? If so, why? If no, why not?

ANSWER: Yes. For example, the Federal Aviation Administration (FAA) already has in place medical regulations which make an individual ineligible for the issuance of an FAA medical certificate, necessary to serve as a pilot, if that individual has an established medical history or clinical diagnosis of drug dependence or alcoholism. Drunk driving convictions, particularly a recent series of convictions, could also indicate that a condition of dependency makes an individual unfit for duty. The Department is now considering a legislative proposal to permit appropriate access to the National Driver Register system of records to uncover drunk driving and related convictions.

DRUG AND ALCOHOL RULES

SENATOR LAUTENBERG: You have announced a policy of dramatically expanded drug and alcohol testing for the transportation industry. You would impose additional tests - including random tests - on railroad employees, airline pilots, cabin attendants, aviation maintenance workers, air traffic controllers, and other DOT employees. I share your goal of getting drugs and alcohol out of the transportation work place. I think a better testing program is essential. But the tests must be fair and reliable as well as effective. Would you favor having an amnesty period before any new rules are applied?

ANSWER: We agree that an amnesty program to allow employees with drug and/or alcohol abuse problems to step forward and seek assistance is an important element in our efforts to achieve a drug-free transportation system. As an example, one of the current components of the current Federal Railroad Administration drug and alcohol rule is its bypass provision (49 CFR 219.403) which permits an employee to seek help and/or treatment without fear of penalty or sanction. In addition, Executive Order 12564 on a Drug-Free Federal Workplace requires that sixty days prior to implementation of drug testing programs pursuant to the Order, agencies must notify employees that a drug testing program is to be conducted. This requirement is designed to enable employees to seek counseling and rehabilitation in advance of actual drug

testing. This approach is a fair and sensible one in dealing with the drug and alcohol problems facing us on a compassionate and humane basis.

SENATOR LAUTENBERG: What safeguards against "false positives" would your rules provide?

ANSWER: We recognize that valid drug testing procedures require that each sample be subject to an initial screen and that, if testing positive for drug use, be subject to further confirmatory testing. The confirmatory test should be different in technique and chemical principle from that of the initial test procedure to ensure reliability and accuracy. Under Scientific and Technical Guidelines for Agency Drug Testing Programs issued by the Department of Health and Human Services (HHS) under Executive Order 12564, gas chromotography/mass spectrometry (GC/MS) is currently the only authorized confirmation method. Scientific experts agree that GC/MS is completely accurate. With regard to DOT employees subject to drug testing, we feel confident that the confirmatory test requirements as well as other safeguards specified in the HHS Guidelines will ensure against "false positives."

SENATOR LAUTENBERG: How would you propose to assure adequate "quality control" in the testing process so that samples are properly identified and mistakes avoided?

ANSWER: It is obviously within an employer's best interests to utilize the services of proficient laboratories in testing employees for drugs. Such reliance is essential in ensuring the cooperation of employees and the ultimate success of any drug and/or alcohol testing program. With regard to the proposed DOT drug testing program for its own employees, we will adhere to strict HHS requirements for quality control programs and technical qualifications for laboratory personnel.

SENATOR LAUTENBERG: How would you assure that drug and alcohol testing is not used to harass employees who are, perhaps because of their union activities, out of favor with management?

ANSWER: In general, legally viable drug and alcohol testing programs must be non-discriminatory and based on well-defined and objective criteria. The proposed DOT program has been developed in such a fashion as to avoid charges that employee harassment is likely. Thus, with regard to random testing, test selection is not done by managers, supervisors or anyone with direct line authority over employees. Rather, the selection will be made based on a scientitic basis so that all employees in the random pool will have an equal chance of being tested each time a random sampling is drawn.

With regard to periodic testing, i.e., testing in conjunction with scheduled physical exams in conjunction with their job duties, there will also be no chance for any "harassment" or test manipulation. Employees usually

schedule their own physical exam, and the urine specimen that is drug tested is taken as part of that exam.

In instances of "reasonable suspicion" testing, DOT has carefully crafted procedures to preclude any arbitrary determinations of which employees might be tested under reasonable suspicion standards. Any decision to test for reasonable suspicion will be approved by a regional or headquarters official, as well as a representative from our Counsel's staff. Additionally, our proposed guidance sets forth specific examples of what may, and may not, constitute grounds to test for reasonable suspicion.

In addition, Federal employees have the protection of the Federal Service Labor-Management Relations Statute (5 U.S.C. §§7101 et seq.) to resolve any claims of harassment because of their union activity. The Statute provides that it is an unfair labor practice for management to discriminate against an employee for such activity. The employee and/or union involved could seek the assistance of the Federal Labor Relations Authority in pursuing the resolution of the unfair labor practice, and the decision ultimately issued would be binding on agency management.

In the case of drug and alcohol programs in the private sector, we believe that union grievance procedures could best address any claims of employee harassment in selecting individuals for testing. Also, programs developed along the lines outlined above for our DOT program should be able to withstand such attacks.

SENATOR LAUTENBERG: Employee representatives argue that any testing of this sort should be conducted by appropriate Federal officials. Do you agree?

ANSWER: As far as Federal employees are concerned, any testing conducted either by contract employees or Federal employees, must meet criteria established by the Department of Health and Human Services. At present, there are several private firms, as well as laboratories within the Department of Defense, who meet these criteria, and either would be acceptable.

As to the private sector, the question of who will perform the testing is a matter which may be subject to the rule-making process pursuant to law and regulation. Accordingly, comments and views on this question would be requested as part of that process. In many instances, however, Federal officials would not be on site for post-accident testing, and the companies involved, more than likely, should have the responsibility for assuring collection of samples, shipment to the laboratory, etc.

DRUG AND ALCOHOL ABUSE

SENATOR LAUTENBERG: Madam Secretary, what factual data do you have on drug and alcohol abuse in either the aviation or railroad industry?

ANSWER: Drug use appears in all segments of American society, and there is no reason to think that people who work in the rail and aviation industries are different from other people. There already is post-accident testing in the railroad industry, and in a

number of cases drugs have been found in the body fluids of railroad personnel involved in accidents. However, it is important to be very careful before we extrapolate from the finding of drugs in someone's system to the issue of causation. As to alcohol, the Civil Aeromedical Institute examined blood specimens from 2000 pilots who died in accidents in the years 1981-1985. Of those 2000, 100 were found to have a blood alcohol content of more than .04 percent.

SENATOR LAUTENBERG: Is substance abuse in these two industries [rail and aviation] higher than the general population? What do you base this answer on?

ANSWER: No, we have no reason to believe that usage is higher among rail and aviation workers than among the general population. However, we also have no reason to believe that it is lower. Since drug abuse is a very serious problem in our society, we believe it presents an especially critical danger in the transportation industry, where there is often no room for error.

FEDERAL LICENSING

SENATOR LAUTENBERG: The Omnibus Drug Bill passed in the last session of Congress called for a federal license for truck drivers. Do you support a federal license for railroad engineers? If not, why not?

ANSWER: Those who propose licensing have an objective with which the Department agrees, i.e., giving FRA the ability to suspend an engineer from train service for lack of fitness for safety-sensitive duties. However, we believe that objective can be more effectively achieved by the Department's proposal that Congress amend the 1970 Safety Act to permit sanctions against individuals. This new authority would permit FRA to sanction any railroad employee who demonstrates unfitness for safety-sensitive work in rail transportation, not just engineers.

The Department does not believe that the lack of a licensing program or the lack of federal engineer qualifications has contributed to railroad accidents. It should be noted that railroads have powerful economic incentives to hire, train, and supervise qualified people to operate their trains. However, if FRA acquires enforcement authority over individuals, it will initiate a formal safety inquiry on engineer qualifications and licensing and take whatever action is indicated by the evidence received at that hearing.

SENATOR LAUTENBERG: Do you believe that Federal standards for airline pilots licenses should be strengthened? If so, in what ways? If not, why not?

ANSWER: The increasing complexity of the national airspace system as well as continuing enhancements to aircraft operational capabilities require the periodic update and strengthening of pilot certification requirements. To this end, the FAA has a project underway that will bring training and certification standards for air taxi and commuter pilots closer to the standards required of pilots employed by air carriers operating under the rules of Part 121 of the Federal Aviation Regulations.

Additionally, the FAA has an ongoing project to provide for the increased use of flight simulators during pilot training and testing. The objective of the project is to recognize and grant additional credit for training and testing conducted in training devices that incorporate state-of-the-art technology, such as advanced technology simulators and training devices.

TESTING AND GENERAL AVIATION

SENATOR LAUTENBERG: General aviation has a far worse safety record than commercial aviators. The accident rate for general aviation pilots is about 40 times higher than that for scheduled airlines. Is drug and alcohol abuse by private pilots a factor in this regard? Will your rule impose testing for private pilots?

ANSWER: Although a factor in the accident rate for general aviation, private pilot drug or alcohol abuse to date has not figured as prominently as some other causative factors for these accidents, including misjudgments about weather conditions and aircraft capabilities. The issue of mandatory random testing of the entire airman population was raised in the Federal Aviation Administration's December 1986 Advanced Notice of Proposed Rulemaking (ANPRM) on needed antidrug abuse rules in aviation. Comments on that ANPRM are presently under consideration, following which a decision on the question of proposing drug testing for private pilots will be possible.

LAUTENBERG LETTER

SENATOR LAUTENBERG: Regulations in the nuclear industry provide whistle-blower protection as does the federal government for employees that report abuses/violations in the place of employment. Would you support similar protections for rail or airline employees who report "unsafe practices" or safety defects? If not, why not?

ANSWER: There does not appear to be a serious problem with lack of "whistle-blowers" among either the airline or rail employees. The unions in both industries are strongly safety conscious and have a record of reporting unsafe company practices and safety defects. The FAA Administrator has established a "hotline" expressly so that anyone who becomes aware of an unsafe practice can report it. The FAA has a good record of acting on such reports. Furthermore, both railroads and aviation are subject to close safety oversight by the Department of Transportation. Overall, we are not aware of compelling safety need to provide whistle-blower protection. With regard to rail, Congress has already enacted such protection. Section 212 of the Federal Railroad Safety Act of 1970 proscribes railroad retaliation against employees who provide such information and provides that such cases are to be resolved under the Railway Labor Act. The Department opposes harassment of employees in any form. FRA's longstanding policy is never to release the names of complainants to the railroads. Most violations reported by employees can be established through documents, railroad admissions, or federal inspector observations. Only when none of these is available does FRA rely on third-party witness statements, which are used only with express and informed consent. The Department believes the protections provided by existing law

are adequate, and notes with approval that the statute is specifically designed to keep FRA out of such proceedings.

BUDGET PRIORITIES

SENATOR LAUTENBERG: Madam Secretary, an effective, safe, and well-balanced national transportation system is crucial to economic growth and productivity and, to our national security international competitiveness. I know you appreciate how important a sound, modern transportation infrastructure is for our economy and for the welfare and security of our people. Yet the budget you are recommending is totally oblivious to this reality. Transportation is obviously one of the step-children in this Administration. Under your budget, total nondefense discretionary spending would be cut by $140.3 billion over the FY 1988-92 period. $15.4 billion, or 11%, of these reductions are in transportation which makes up only about 2.5% of the budget. Why is transportation singled out to bear such a disproportionate and unfair share of the deficit effort?

ANSWER: I don't believe that one can make a valid comparison between DOT cuts as a percentage of nondefense discretionary spending and DOT outlays as a percentage of the total budget. We are unable to identify the source in the President's Budget which shows DOT with 11% of nondefense discretionary cuts between 1988 and 1992. However, if Defense, Social Security, and Interest on the Debt are excluded, DOT's share of the remaining Federal outlays drops from 7.7% of the total in 1987 to 7.4% in 1992. This reduction can be attributed entirely to growth in offsetting receipts (Coast Guard and FRA) which have no adverse effect on the funding levels of DOT programs.

SENATOR LAUTENBERG: Has the Department or the Administration ever calculated the economic costs of failing to maintain and modernize our transportation infrastructure?

ANSWER: In a 1983 report, "Highways and the Economy," the Federal Highway Administration calculated the economic costs of varying levels of highway performance on the Nation and on individual economic sectors. The study concluded that a significant decline in overall highway performance would have the following effects:

- There would be a decline in labor and capital productivity and an associated decline in growth in the Nation's GNP.
- A larger percent of GNP would be spent for highway travel and a smaller percent for nonhighway purposes (personal or government consumption, or investment in industry).
- A larger percent of GNP would be spent to produce and support inventories, reducing personal or government consumption or investment in industry.
- More petroleum would be required since deteriorated highways require greater automotive fuel consumption per vehicle mile of travel.
- There would be a less efficient distribution of economic and societal activities over the Nation's land area.

The study found that the economic value of highway performance varied by type of system, and that the preponderance of economic effects were found on the higher order arterial and Interstate systems.

We would predict similar results if other parts of our transportation infrastructure were not adequately maintained and modernized.

LONG-RANGE NATIONAL TRANSPORTATION STRATEGIC PLANNING STUDY

SENATOR LAUTENBERG: The FY 87 Continuing Resolution contains a provision requiring the Department to "undertake a long-range, multimodal national transportation strategic planning study." The study is to be submitted to Congress by the end of this calendar year. What is the current status of the study? Will it be ready by the end of the year?

ANSWER: We have reviewed the requirement for a long-range national transportation strategic planning study and developed several alternative study plans. We are currently finalizing a work plan for the Transportation Systems Center to assist us in performing this study.

We expect to complete the study on time by the end of this year.

NTSB

SENATOR LAUTENBERG: Madam Secretary, the Administration's request for the National Transportation Safety Board is $23.6 million. This would mean, I am told, a reduction of at least 14 FTE from current staffing levels at the Board. Do you support the President's request for NTSB?

ANSWER: The Department of Transportation has no responsibility or authority over the NTSB. We therefore have not reviewed the agency's workload and budget. Since the NTSB staffing has been reviewed by the proper Administration authorities, I am in no position to dispute the President's request for NTSB staffing, which, incidentally appears to be constant for FY 1986-88 (page I-Z69 Budget Appendix).

SENATOR LAUNTENBERG: Do you think we should be laying off NTSB staff this coming year?

ANSWER: As a general rule, I deplore the laying off of any safety-related personnel. Since I am not privy to the information you have concerning a potential NTSB staff cut, I am not in a position to comment on its merits.

OST REQUEST

SENATOR LAUNTENBERG: Despite a proposed reduction of 16 percent from the 1987 enacted levels for the Department of Transportation your office's request increases from $51 million to approximately $57 million - an 11 percent increase. Why?

ANSWER: The $6 million difference is a combination of underfunding in the 1987 appropriation and uncontrollable cost increases in 1987 and 1988. There are no program increases and, in fact, we are proposing to eliminate one office.

FY 1987 appropriations for OST Salaries and Expenses activities other than the Office of Essential Air Service were

$1.66 million below the budget, but all positions requested were allowed. As a result, we have had to save the equivalent of about 35 salaries during 1987. We are achieving this primarily by delaying the hiring of replacements when jobs become vacant. Our 1988 estimates provide for normal replacement to budgeted levels.

The $6 million breaks down as follows:

-- Full funding of positions authorized in 1987	$1.7M
-- Normal annual growth for within-grade increases and other adjustments (about 1.3% of salary costs)	0.5M
-- Combined cost of FY 1987 and FY 1988 increases in Federal Employees' Retirement System (FERS) costs and full year of January 1987 pay increase	3.0M
-- Increased cost of centralized services, such as GSA rent, mail, Working Capital Fund labor increases, ADP costs, etc.	2.0M
-- Elimination of Office of Essential Air Service 2/3 of year	-1.2M
Net Change	$6.0M

COAST GUARD DRUG ENFORCEMENT

SENATOR LAUTENBERG: The Omnibus Drug Supplemental for F.Y. 87 included $39 million in the O&E account for augmented drug interdiction. The F.Y. 88 budget does not include this increase. How has this $39 million been programmed?

ANSWER: $3.0 million is being used to increase recruiting. FY 86 budget cuts required the Coast Guard to reduce its recruiting efforts, and personnel levels dropped significantly below authorized strength. $8.6 million, of which $7 million is for operating costs and $1.6 million is for personnel costs, is being used to operate two NAVY E-2Cs. $22.1 million is being used to offset FY 87 Congressional dollar cuts associated with projected fuel cost savings that were not realized and will allow the current level of operations to be maintained. New equipment for drug law enforcement such as night vision devices, aircraft life support systems, surveillance cameras, etc. is being purchased for $3.5 million. $1.8 million is being used for pipeline training for crews of 110' patrol boats and C-130s funded in the AC&I portion of the Act.

SENATOR LAUTENBERG: How will this reduction in drug interdiction funding be applied?

ANSWER: Enhanced drug interdiction efforts funded by OE increases in the FY 1987 supplemental have been included in the FY 1988 budget request. Specifically, the FY 1988 budget request incorporates annualized OE funding to operate additional 110' patrol boats and C-130 aircraft, to continue operation of E-2C surveillance aircraft and FU-25A interceptors, to staff command, control, communications, and intelligence centers for air interdiction and to support winter operations and law enforcement detachment activities at their accelerated levels.

SENATOR LAUTENBERG: The Drug Supplemental also provided $89 million in AC&I funding for drug enforcement assets. What is the status of the projects/assets funded by this appropriation?

ANSWER: $5 million is earmarked for the Bahamian Docking Facility. Negotiations are underway to establish the facility, and a travel lift has already been purchased. $38 million is being used to purchase two C-130s with estimated delivery in December 1987. A contract for the purchase of five 110 WPRs for $35 million was awarded in February 1987 with delivery expected in 1988. The purchase of secure communications for $11 million will take place in FY 1987 and FY 1988. This purchase will upgrade our VHF/FM communication system involving our shipboard transceivers and shore-based high level communication sites.

SENATOR LAUTENBERG: Are the costs of operating these facilities/assets reflected in the F.Y. 88 OE request?

ANSWER: Yes.

SENATOR LAUTENBERG: Since 1982, Congress has provided funding in both the Transportation Appropriations Bill and the Defense Appropriations Bill for assets - boats, aircraft, aerostat balloons, facilities etc. - to be used in the drug war. Please provide for the record a list of these assets and a description of how they were funded, i.e. in which bill, by what appropriation account, in what amount.

ANSWER: The information follows:

U.S. COAST GUARD
Drug Enforcement Related Capital Appropriations
FY 1982 - 1987
($000)

	FY 1982		FY 1983	FY 1984		FY 1985	FY 1986		FY 1987		
	DOT 97-102	DOD 97-114	DOT 97-369	DOT 98-78	DOD 98-212	DOT 98-473 2/	DOT 99-190	DOD 99-190	DOT 99-591 3/	DOD 99-591 1/	TOTAL
Drug Enforcement Specific Capital Projects:											
110-FT Patrol Boats (WPBs)	...	41,800	6,200	...	54,000	...	...	112,000	35,000	...	249,000
Shore Support for WPBs/SESs 4/	...	5,000	...	...	...	...	...	...	...	...	5,000
Surface Effect Ships (SESs)	...	18,000	...	...	...	...	...	...	...	...	18,000
Secure Communications	...	...	...	...	3,000	...	4,000	...	12,600	...	19,600
Voice Privacy Communications	...	...	...	...	2,830	...	...	...	...	...	2,830
Fast Boats	...	...	...	...	...	1,200	...	...	...	...	1,200
Aerostat Surveillance Systems 5/	...	...	...	...	...	9,300	...	...	...	23,000	32,300
Bahamian Docking Facility	...	...	...	...	...	...	...	...	5,000	...	5,000
HU-25A Air Interdiction Sensors	...	...	...	...	...	...	...	...	...	29,700	29,700
Subtotal:	...	64,800	6,200	...	59,830	10,500	4,000	112,000	52,600	52,700	362,630
Multi-Mission Capital Projects with Direct Drug Enforcement Benefit:											
210-FT WMEC MMA	...	6,000	16,000	24,000	10,300	15,050	20,000	5,500	11,300	...	108,150
205-FT WMEC Safety & Support Upgrade	...	...	...	...	7,700	...	...	...	...	...	7,700
Older WMEC (ATFs) Repair	...	...	5,800	...	...	...	...	...	...	...	5,800
378-FT WHEC FRAM	...	15,000	...	23,938	43,200	73,350	40,000	15,750	123,000	...	334,238
270-FT WMEC Procurement	170,330	...	99,700	14,000	...	54,294	...	...	4,400	...	342,724
WPB Prototype	...	...	...	...	...	...	...	...	...	18,000	18,000
HC-130 Acquisitions	14,500	64,200	...	67,600	72,000	50,500	1,000	54,000	38,000	...	361,800
HC-130 Forward Looking Radar (FLAR)	...	13,100	...	2,000	6,100	...	...	44,500	...	9,100	74,800
HU-25A Procurement/Sparing	34,830	...	19,200	7,894	...	...	12,000	...	...	...	73,924
HU-25A Sensors - AIREYE	...	...	...	18,981	...	...	...	...	...	...	18,981
HU-25A Sensors - AGTV	...	...	...	...	7,200	...	...	...	...	...	7,200
HH-65A Helicopter Procurement	107,120	...	137,855	41,390	...	...	23,756	...	5,600	...	315,721
MRR Helicopter Replacement	...	...	...	...	...	...	...	105,635	...	116,000	221,635
Helicopter Restraint System	...	...	...	...	16,900	...	...	...	-13,800	...	3,100
Command and Control Equipment	...	11,000	...	...	...	...	...	...	...	...	11,000
Standard Terminals for Vessels	...	...	...	...	...	1,850	...	...	2,700	...	4,550
Vessel Nav/Comms Modifications	...	7,000	...	...	...	...	...	...	...	...	7,000
Base Miami Beach Construction	...	...	...	...	13,000	...	...	...	...	...	13,000

U.S. COAST GUARD
Drug Enforcement Related Capital Appropriations
FY 1982 - 1987
($000)

	FY 1982		FY 1983	FY 1984		FY 1985	FY 1986		FY 1987		
	DOT 97-102	DOD 97-114	DOT 97-369	DOT 98-78	DOD 98-212	DOT 98-473 2/	DOT 99-190	DOD 99-190	DOT 99-591 3/	DOD 99-591 1/	TOTAL
Multi-Mission Capital Projects with Direct Drug Enforcement Benefit: (Cont'd)											
270-FT WMEC Shore Support, Long Beach, CA	...	...	...	...	...	...	5,500	...	...	...	5,500
270-FT WMEC Shore Support, New Bedford, MA	...	...	...	...	...		480	...	...	...	480
270-FT Shore Support, Boston, MA	...	...	...	...	...	2,860	...	...	...	...	2,860
270-FT COMDAC Support Facility	3,000	3,770	...	2,200	...	...	...	...	...	...	8,970
AIREYE Support, Miami, FL	...	...	...	...	...	...	246	...	...	...	246
COMSTA Miami Expansion	...	...	...	...	...	...	423	...	...	...	423
Subtotal:	329,780	120,070	278,555	202,003	176,400	197,904	103,405	225,385	171,200	143,100	1,947,802
TOTAL:	329,780	184,870	284,755	202,003	236,230	208,404	107,405	337,385	223,800	195,800	2,310,432

1/ DOT columns represent the Coast Guard's Acquisition, Construction, and Improvements Appropriation. DOD columns are as follows: FY 1982 - Shipbuilding and Conversion, Navy; FY 1984 - Acquisition, Construction, and Improvements, CG; FY 1986 and FY 1987 Coastal Defense Augmention.
2/ FY 1985 includes Supplemental funding from PL 99-88 as follows: $17.2M for HC-130s, $1.2M for Fast Boats and $9.3M for Aerostats.
3/ Includes $89M from the Omnibus Drug Supplemental.
4/ In addition, $4 million was reprogrammed in FY 1984 for Southeast U.S. drug law enforcement shore support.
5/ In addition, $12 milllion was reprogrammed to the Aerostat in FY 1985.

COAST GUARD REORGANIZATION

SENATOR LAUTENBERG: The Coast Guard has announced plans for a major reorganization. The plan would centralize certain logistics and maintenance functions to the Area level and reduce the number of Districts from 12 to 10. The plan involves significant changes in the deployment of personnel and other resources, and in command responsibilities. When will the Committee be receiving the required reprogramming notification in connection with the plan?

ANSWER: The Coast Guard has notified its Authorization and Appropriation Committees in both Houses of its intent to realign support functions. In addition, all members of Congress whose districts may be affected have also been briefed.

SENATOR LAUTENBERG: In the meantime, what steps, if any, have been undertaken to begin implementation of this plan?

ANSWER: Detailed planning for realignment has commenced and dates have been set. On 1 July 1987, the Maintenance and Logistic Commands (MLC) Atlantic and Pacific will be established and the Third and Twelfth Coast Guard Districts will be disestablished. Details on when functional workloads will transfer are being refined. Full workload transfers will be accomplished by 31 December 1987. Civilian transfer issues are being specified and military transfers identified. Required documentation for implementation (regulatory, DOT and Coast Guard organizational changes) is being drafted.

COAST GUARD AC&I PLAN

SENATOR LAUTENBERG: In Fiscal 1987, $200 million was provided in the Coastal Defense Augmentation Account in the Defense Bill for Coast Guard capital acquisitions. The regular Transportation AC&I Appropriation provided another $209 million and the supplemental added an additional $89 million for a total capital program of $498 million. Please provide for the record an F.Y. 87 update to the F.Y. 86 spending plan provided for the record last year. Also provide a comparison of the F.Y. 87 plan to the F.Y. 88 request for AC&I.

ANSWER: The information follows:

DEPARTMENT OF TRANSPORTATION
COAST GUARD
Acquisition, Construction, and Improvements: 69-0240-0-1-403
(Dollars in thousands)

	FY 1987 PLAN	FY 1988 REQUEST
I. VESSELS:		
A. ACQUIRE VESSELS AND EQUIPMENT:		
1. 270-FOOT MEDIUM ENDURANCE CUTTER (WMEC) PROCUREMENT	4,400	10,000
2. ACQUISITION OF REPLACEMENT MOTOR LIFEBOAT (MLB) CAPABILITY	...	1,500
3. 110-FOOT PATROL BOATS	35,000	...
4. SECOND DISTRICT BARGE REPLACEMENT - PH II	5,300	...
5. REPLACE RIVER BUOY TENDER (WLR)	6,000	...
6. DEPLOYABLE PORT SECURITY UNITS	2,000	...
7. SURVEY AND DESIGN BOATS AND CUTTERS	900	900
B. REPAIR, RENOVATE OR IMPROVE EXISTING VESSELS AND SMALL BOATS:		
1. 378-FOOT HIGH ENDURANCE CUTTER (WHEC) FLEET RENOVATION AND MODERNIZATION (FRAM)	123,000	139,000
2. 210-FOOT MEDIUM ENDURANCE CUTTER (WMEC) MID-LIFE MAINTENANCE AVAILABILITY (MMA)	11,300	39,000
3. POLAR CLASS ICEBREAKER MAIN PROPULSION CONSOLE UPGRADE	7,100	...
C. SPECIAL PROJECT:		
1. REPLACEMENT POLAR ICEBREAKER ACQUISITION	...	2,000
SUBTOTAL VESSELS	195,000	192,400

	FY 1987 PLAN	FY 1988 REQUEST
II. AIRCRAFT:		
A. ACQUIRE NEW AIRCRAFT AND INCREASE AVIATION CAPABILITY:		
1. SHORT RANGE RECOVERY (SRR) HELICOPTERS (HH-65A) PROCUREMENT ESCALATION/SUPPORT	5,600	...
2. TWO C-130 AIRCRAFT	38,000	...
SUBTOTAL AIRCRAFT	43,600	...
III. COMMAND, CONTROL AND COMMUNICATIONS AND RELATED SYSTEMS:		
1. DISTRIBUTED COMPUTING SYSTEM (DCS)	...	1,400
2. INFORMATION RESOURCE MANAGEMENT SYSTEMS	900	...
3. SECURE VOICE COMMUNICATIONS INSTALLATIONS - PH II	1,600	...
4. SECURE COMMUNICATIONS	11,000	...
5. STANDARD TERMINALS FOR VESSELS - PH II	2,700	...
6. SURVEY AND DESIGN - C3	300	700
SUBTOTAL COMMAND, CONTROL, AND COMMUNICATIONS AND RELATED SYSTEMS	16,500	2,100
IV. SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES:		
A. SHORE - GENERAL:		
1. MINOR AC&I SHORE CONSTRUCTION PROJECTS	5,800	5,500
2. UNDERGROUND STORAGE TANK (UST) CLEANUP PROGRAM	...	5,000
3. SURVEY AND DESIGN -SHORE	3,300	3,000
4. ACQUISITION SUPPORT SERVICES	...	1,000
5. BAHAMIAN DOCKING FACILITY	5,000	...

	FY 1987 PLAN	FY 1988 REQUEST
B. SHORE - AIR STATIONS:		
1. SAVANNAH, GA - AIR STATION HANGAR CONSTRUCTION.....	...	3,800
C. SHORE - SUPPLY CENTERS/SUPPORT CENTERS/YARD:		
1. ALAMEDA, CA - SUPPORT CENTER CLINIC REPLACEMENT.....	...	3,000
2. ELIZABETH CITY, NC - SUPPORT CENTER GROUNDWATER PURGING.....	2,000	1,800
3. NEW YORK, NY - SUPPORT CENTER - ELECTRICAL SYSTEM UPGRADE.....	2,000	...
D. SHORE - TRAINING FACILITIES:		
1. PETALUMA, CA - TRAINING CENTER UNACCOMPANIED PERSONNEL HOUSING (UPH) AND DINING FACILITY.....	...	12,500
2. PETALUMA, CA - TRAINING CENTER -ET/TT INSTRUCTION BUILDING.....	12,000	...
3. YORKTOWN, VA - RESERVE TRAINING CENTER (RTC) - CONSTRUCT MEDICAL/DENTAL BUILDING.....	2,400	...
E. SHORE - PERSONNEL SUPPORT FACILITIES:		
1. PUBLIC FAMILY QUARTERS.....	8,300	11,500
2. MONTAUK, NY - CONSTRUCT STATION BARRACKS/ DINING FACILITY.....	...	1,200
F. SHORE - GROUPS/BASES/STATIONS/MSOS:		
1. YANKEETOWN, FL - CONSTRUCT PERMANENT STATION.....	...	1,300
2. ST CLAIR SHORES, MI - BUILD NEW STATION.....	...	2,400
3. KETCHIKAN, AK - BASE RENOVATION - PH I.....	3,000	...
4. LORAIN, OH - REPLACE STATION BUILDING.....	1,900	...
5. GEORGETOWN, SC - CONSTRUCT PERMANENT STATION.....	2,100	...
6. GRAND HAVEN, MI - SEASONAL FACILITIES CONSOLIDATION....	2,200	...

	FY 1987 PLAN	FY 1988 REQUEST
G. AIDS TO NAVIGATION FACILITIES:		
1. LIGHTHOUSE AUTOMATION AND MODERNIZATION PROJECT (LAMP).	1,400	2,700
2. WATERWAYS AIDS TO NAVIGATION PROJECTS.....	2,000	3,500
SUBTOTAL SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES.....	53,400	58,200
V. PERSONNEL AND RELATED COSTS.....	22,000	25,193
SUMMARY:		
SUBTOTAL VESSELS.....	195,000	192,400
SUBTOTAL AIRCRAFT.....	43,600	...
SUBTOTAL COMMAND, CONTROL, AND COMMUNICATIONS AND RELATED SYSTEMS..	16,500	2,100
SUBTOTAL SHORE FACILITIES AND AIDS TO NAVIGATION FACILITIES.....	53,400	58,200
PERSONNEL AND RELATED COSTS.....	22,000	25,193
TOTAL AC&I COAST GUARD APPROPRIATION.....	330,500[1/]	277,893
COASTAL DEFENSE AUGMENTATION ACCOUNT(CDAA):		
1. MEDIUM RANGE RECOVERY HELICOPTER (MRR).....	116,000	
2. PATROL BOAT (WPB) REPLACEMENT PROTOTYPE.....	18,000	
3. AIR INTERDICTION SENSORS.....	29,700	
4. AEROSTATS.....	23,000	
5. C-130 FORWARD LOOKING RADAR (FLAR).....	9,100	
6. MK75 ORDNANCE REPAIR FACILITY.....	1,200	
7. DEPLOYABLE PORT SECURITY UNITS.....	3,000	
FY 1987 CDAA FUNDING PLAN.....	200,000	

1/ $32,500K derived from delayed or cancelled projects has been applied to the FY 1987 program as directed in the FY 1987 DOT Appropriations Bill Conference Report 99-976.

ORIGINAL COAST GUARD REQUEST

SENATOR LAUTENBERG: What was the initial Coast Guard estimate for operating expenses in F.Y. 88?

ANSWER: The initial request, as subsequently adjusted for pay and FERS costs, was for $2,002,599,000, plus $15,000,000 to be expended from the Boat Safety Account.

SENATOR LAUTENBERG: This is about $67.8 million more than the President's request. What is the difference in program? Where was the reduction taken?

ANSWER: The difference is actually $52.8 million because the President's request assumes additional funding of $30 million to be transferred from the Boat Safety Account, while Coast Guard's initial request assumed $15 million from this source, as previously stated. The major reductions were: delaying advanced crewing of 270-foot medium endurance cutters and HC-130 long-range search aircraft; estimating a smaller increase in operating hours for the HH-65A short-range recovery helicopters; phasing in more gradually underground storage tank remedial clean-up and port security initiatives; providing for a lower cost-of-living adjustment; and decommissioning the polar icebreaker GLACIER, which coincided with a Coast Guard command decision to take her out of service because the cost of needed repairs was determined to be uneconomic.

SENATOR LAUTENBERG: What was the original AC&I request?

ANSWER: The initial request, as subsequently adjusted for pay costs, was for $829,993,000.

SENATOR LAUTENBERG: So there is a $552 million difference between the President's budget and the original Coast Guard estimate. What did the Coast Guard propose to fund with the $552 million?

ANSWER: Among those projects in the original request, not included at the $277.9 million level, were: construction of polar icebreaker replacement (which alone constitutes nearly 60% of the difference), search and rescue satellite-tracking system (SARSAT), WHEC 378 weapons installation, various shore facility construction projects, and the following three projects which are being funded, instead, through the FY 1987 Coastal Defense Augmentation Account: AEROSTATS, C-130 FLAR, and Medium Range Recovery helicopter replacement.

AMTRAK'S ASSET SALE

SENATOR LAUTENBERG: A mark of your administration has been "privatization" efforts. The sale of Conrail, the transfer of Washington airports, and now the sale of Amtrak assets, in the Northeast Corridor. How much do you estimate would be realized from the sale of the Northeast Corridor track?

ANSWER: We have not estimated the value of the track separate from other Northeast Corridor assets or the assets of the remainder of the system. We have set a minimum goal of $1 billion for the sale of the Amtrak system.

SENATOR LAUTENBERG: How did the Department arrive at this figure?

ANSWER: The $1 billion figure represents what we estimate to be the market value of Amtrak's assets with a caveat that some passenger service is to be continued by the purchaser. The book value of Amtrak's assets exceeds $3.8 billion. The depreciated book value of the Northeast Corridor alone is $2.4 billion. Many of the assets have great value to the private sector; important redevelopment projects, for example, are under way at Chicago Union Station and Philadelphia 30th Street station. Penn Station, in Manhattan, is another station that commands high value.

SENATOR LAUTENBERG: Who would likely buy the Corridor track?

ANSWER: One of the Commission's duties will be the identification of potential buyers. I would expect interest from current Corridor users, including Conrail, the commuter agencies on the Corridor, or a consortium of some or all those parties, possibly supported by the Corridor States and localities.

SENATOR LAUTENBERG: For the past couple of years the Department of Transportation (the committee's been told) has been negotiating with parties to assume passenger rail service on the Corridor. How successful have these negotiations been?

ANSWER: Not very successful. In the absence of a clear signal from Congress that there will be no further Federal subsidy for Amtrak, none of the States have admitted they would be willing to assume additional financing for Amtrak service they now receive free or at a reduced rate. There will be no real negotiations on assuming passenger service until Congress serves notice that such negotiations are necessary.

SENATOR LAUTENBERG: If you have had no takers to assume operating responsibility what makes you believe that you would be successful in selling the physical assets?

ANSWER: Amtrak has a book value of $3.8 billion, including $2.4 billion for the Northeast Corridor assets. Penn Station in Manhattan, Philadelphia 30th Street Station, and Chicago Union Station are all prime properties that would be highly valued by developers. Amtrak owns some 77 stations in all, many in prime locations. Add to this the value of Amtrak's cash and accounts receivable, the rolling stock, the shops and other real estate, the value of the fiber optics leases, and the value of the Northeast Corridor as a unified operating entity.

SENATOR LAUTENBERG: Under your estimated sale price what return would the Department realize on the capital investment made in the Northeast Corridor?

ANSWER: If $1 billion is realized from the sale of Amtrak there will be no return on the $4.4 billion total capital investment in Amtrak, including the Northeast Corridor, except, of course, the cost avoidance of terminating the $600 million annual drain.

ESTIMATE OF AMTRAK PROCEEDS

SENATOR LAUTENBERG: Who estimated (the Department of Transportation or OMB) that $1 billion could be realized from the sale of Amtrak assets? Do you support the sale of Amtrak's assets?

ANSWER: The $1 billion is a goal which was agreed upon by both the Department and OMB. We support the Administration's proposal.

SENATOR LAUTENBERG: What was the Department's request (in the budget submission to OMB) for Amtrak for Fiscal Year 1988? On what was the estimate based? Is it fair to deduce that you did not originally offer the sale proposal, that it originated from OMB?

ANSWER: The Department request to OMB was for $478 million, based on continuation of the existing Amtrak route system and adoption of a series of cost saving and revenue raising measures that would reduce the required Federal subsidy.

AMTRAK COMMISSION

SENATOR LAUTENBERG: Madam Secretary, you recently suggested that a Commission should be established to study the sale of Amtrak's assets including the Northeast Corridor. How do you propose to pay for this Commission? Would the cost come out of your request for $57 million for the Office of the Secretary?

ANSWER: We propose to fund the approximately $50,000 cost from FY 1987 Office of the Secretary policy research funds. Members of the Commission will be expected to serve without salary but will be reimbursed for travel and other expenses.

SENATOR LAUTENBERG: What would you expect from the Commission?

ANSWER: The Commission will present a comprehensive proposal for ending Federal involvement in the management and financing of Amtrak, while preserving economically feasible rail passenger service. The Commission will consider what type of entity is best suited to own and manage intercity rail passenger service in a manner responsive to market forces, what route structures might result from such a proposal, and what financial arrangments might be necessary. The Commission will study a wide range of options, including proposals for private investment in some or all of the Amtrak system, defining the possibility of State subsidies for portions of the system, and also considering an employee stock ownership plan. After soliciting comments from the public and interested parties, the Commission will present the advantages and disadvantages of each approach.

NORTHEAST CORRIDOR

SENATOR LAUTENBERG: The FRA budget submission also calls for transferring funds out of the Northeast Corridor to pay for pay raises and retirement contributions. Yet these funds are earmarked for bridge improvements, and safety work on New York tunnels and concrete ties. Don't you believe these infrastructure investments contribute to safety? If not, why not?

ANSWER: Some of the $16.9 million and, in particular, the fire code work in the New York tunnels would improve safety. These projects can be funded from Amtrak's FY 1987 $56.4 million capital budget.

SENATOR LAUTENBERG: Would you support additional Federal support of safety investments in the Corridor? If not, why not?

ANSWER: Amtrak has $56.4 million available for capital in FY 1987, more than enough to implement safety related programs identified in its FY 1988 budget justification. It will be the responsibility of Amtrak or its successors to make future safety investments as required by Federal regulations.

SAFETY INSPECTOR REPORT

SENATOR LAUTENBERG: In the report accompanying the Fiscal Year 1987 bill, the Committee requested the Department's analysis of the Federal Rail Safety Inspector Program. That report was due the Committee February lst. Why was that report delayed? The Federal Railroad Administration is due to appear before the Committee in March. Can we have your assurance that the report will be available in more than a draft form early next week so the Committee can prepare for that hearing?

ANSWER: The "Report on FY 1986 Activities of Safety Enforcement Programs in the Federal Railroad Administration" was transmitted to the Committee on February 19, 1987.

SENATOR LAUTENBERG: Why has the safety inspector report been delayed? It is the Committee's understanding that the report has been at your office for over four weeks and you've sat on it. Is that true? What has taken so long for your office to complete its review? When can the Committee expect to receive the report?

ANSWER: The report presents the results of studies performed by the Modal Administrations responsible for the safety programs in the Department and coordinated by elements in the Office of the Secretary, including the Assistant Secretaries for Policy and International Affairs, Budget and Programs, and Administration.

The review of the full Departmental report is almost complete, and I will transmit the report by the end of March.

A number of extensive changes are underway in the various safety programs as a result of the findings of my internal Departmental Safety Review Task Force. In the Department of Transportation, the process of developing quantitative staffing standards and workload goals is undergoing significant improvements. Essential to these improvements is the development of comprehensive information systems in the FAA, the Coast Guard, and in Motor Carrier Safety. As a consequence, to ensure consistency with the findings of the Task Force, these

transportation safety inspector staffing studies, as well as the attendant information systems, have been undergoing a thorough review by the Office of Secretary.

FRA is already making improvements to incorporate operational measures and productivity standards into its model.

The findings of the FRA's staffing model are contained in the "Report on FY 1986 Activities of Safety Enforcement Programs in the Federal Railroad Administration" which was transmitted to the Appropriation Committees on February 19, 1987.

SENATOR LAUTENBERG: It is the Committee's understanding that in addition to the review being done for the Committee, the Department is reviewing the program for the Office of Management and Budget. Is that true? If so, could the Department provide analysis to the Committee? If not, why not?

ANSWER: All Executive Branch Departments and Agencies are required to develop a productivity measurement system. In addition to the allocation models, FRA has instituted a regional productivity measurement and improvement procedure beginning in calendar year 1987 in conjunction with the annual National Inspection Plan. This procedure measures work units produced per hour to track, compare, and improve the productivity of the available inspector resources. It allows comparisons among regions, and eventually from year to year, so that management can target specific problem areas requiring improvement.

FEDERAL SAFETY INSPECTORS

SENATOR LAUTENBERG: Would you support increased funding for the Federal safety inspector program? Do you believe that sufficient resources are devoted to your oversight function?

ANSWER: FRA's safety inspector program is adequately funded to fulfill its mission of monitoring the industry's compliance with FRA safety regulations and initiating enforcement action where appropriate.

FRA's Safety Inspector Staff Model compares the performance of inspectors against accidents and casualties, normalized by revenue ton-miles, to determine the marginal return per inspector at various levels of inspector staffing and the point at which marginal returns per inspector would begin to decrease. When historical work measures were compared against historical productivity per inspector, the result was a justification for 330 field professionals with a correlation of .97.

SENATOR LAUTENBERG: To fund the fiscal year 1988 request for safety inspectors, the Administration has requested authority to use "Redeemable Preference Shares." Why were funds from this program targeted for transfer? Please elaborate.

ANSWER: The Administration requests funding FRA's FY 1988 safety programs from the proposed industry user fees and transfer of unobligated balances in the Redeemable Preference Shares program. The Section 505 loan program is expected to carry forward into FY 1988 an estimated $37.4 million. The

program has successfully achieved its original goals and the remaining earmarked funds have not been urgently pursued by the designated applicants. Since the program authority is scheduled to expire on September 30, 1988, the Administration recommends that nearly all of these unobligated funds be used to partially offset other FRA appropriations rather than lapse at the end of FY 1988.

FRA SAFETY BUDGET

SENATOR LAUTENBERG: In the President's original budget, no funds were requested for the State Safety Grant Program. Moreover, the budget proposes that funds provided for Fiscal Year 1987 ($1.1 million) be transferred and used for pay raises and retirement contributions. Why? Formal submission of the FRA budget justification to the Committee has been delayed because it is reported you are rethinking your position. Do you now view this as a possible valuable program? Are you requesting Fiscal Year 1988 funds for the State Safety Grant Program? If not, why not? If so, how much and why?

ANSWER: A request for $1.35 million for the Grants-in-Aid for Railroad Safety program has been requested through an amendment to the President's FY 1988 budget. This is the same amount for this program in FY 1987 (our proposal to transfer 1987 funds has been cancelled by an amendment to our supplemental request).

At the $1.35 million level in FY 1987 (which will allow for 22 percent Federal funding), 27 of the 31 participating States have already submitted their grant requests to FRA for FY 1987. These 27 States employ 95 of the 104 inspectors. None of the remaining 4 States have indicated they plan to drop out.

If $1.35 million of Federal funding will ensure that the level of State participation remains intact, it is a worthwhile expenditure and should be continued into FY 1988.

RAIL SAFETY FUNDING

SENATOR LAUTENBERG: Madam Secretary, on many occasions you have said that the chief goal of your office is transportation safety. Yet, for the past three years in the rail area, you have asked for no increases in funding for rail safety related activities and in fact, have requested reducing and eliminating some safety related programs (like the State Safety Inspector Program). Why, Madam Secretary? Why has OMB and/or your own office not stepped up federal efforts in rail safety? Are you satisfied with the amount of Federal resources being expended for rail safety? If not, what increases do you see as necessary?

ANSWER: Federal resources devoted to railroad safety have been increasing, the utilization of those resources has been improving, and railroad accidents have been decreasing.

The FY 1988 budget request of $40,649,000 for railroad safety and railroad safety related research and development represents a 6 percent increase over FY 1987. The FY 1988 amended budget request includes $1.35 million for the State Safety Grant program, the same amount appropriated for FY 1987, a level at which none of the 31 participating States have indicated

that they would terminate involvement in the program. For the first time, in FY 1986 FRA's onboard strength reached its fully authorized level of 325 inspectors. And, most important, train accidents have declined every year since 1978; the number of train accidents in 1986 represents a decrease of 20 percent compared to 1985, and a 76 percent decrease when compared to 1978.

The FRA Office of Safety has recently instituted important new procedures and modeling techniques to more effectively manage the resources available for the inspection of the industry and the enforcement of FRA's rail safety program.

To ensure that the resources are appropriate to the problem, and to further ensure that those resources are properly distributed, FRA has developed a Safety Enforcement Staffing and Allocation Model.

In addition, the Office of Safety has instituted a regional productivity measurement and improvement procedure beginning in calendar year 1987, in conjunction with the annual National Inspection Plan. This procedure measures work units produced per hour to monitor, compare, and improve the productivity of the available inspector resources. It allows comparisons among regions, and eventually from year to year, so that management can target specific problem areas requiring improvement.

INCREASING PENALTIES FOR SAFETY VIOLATIONS

SENATOR LAUTENBERG: Are you satisfied that the present system of negotiated settlements serves the public interest and promotes safety in the rail industry?

ANSWER: Before passage of the Federal Claims Collection Act in 1966, the government was forced to litigate every single rail safety violation to collect any civil penalties. In the Federal Railroad Safety Act of 1970, Congress recognized that that process was an inefficient way to promote safety; accordingly, Congress authorized FRA to compromise civil penalty assessments under that statute, as the agency had begun to do under the Claims Collection Act.

FRA uses the civil penalty negotiation process to promote safety, conducting thorough, case-by-case negotiation to ensure that the safety lessons to be learned from the civil penalty process are not lost by focusing merely on the dollars to be collected. Thus, the merits of each case are considered, and the settlement reached reflects a weighing of any defenses or arguments in mitigation. To ensure that the process is educational and provides a forum for communication about current compliance problems, both technical staffs and management participate in the settlement conferences held with the larger carriers. Our experience is that this process benefits both parties and promotes future compliance.

The other option is litigation. As in the private sector, litigation is the result of a failure to reach a reasonable compromise; it is, of course, always a more costly and time consuming route for all parties. This is a particular problem for safety regulatory agencies, for which devotion of scarce resources to litigation can represent a diversion from higher priority safety concerns. In short, litigation is not often the most effective use of those resources. But where

necessary, i.e., where a compromise that serves the public interest in safety cannot be reached, FRA will go to court.

SENATOR LAUTENBERG: Would the Department support a penalty system [that] imposes fines by an amount per each day (whereby fines can grow for each day a defect is not corrected) as opposed to the fine per violation system that is now in place?

ANSWER: Under current law, each day a violation exists constitutes a separate violation for which a penalty can be imposed.

SENATOR LAUTENBERG: Do you believe that the possibility of heavier fines and penalties would contribute to a safer rail industry? If not, why not?

ANSWER: Yes. The legislation we have proposed this year includes a provision that would increase the maximum civil penalty under the Federal Railroad Safety Act of 1970 from $2,500 to $10,000. In addition, we have proposed the creation of a maximum penalty of $25,000 for grossly negligent violations.

ADEQUACY OF CIVIL PENALTIES

SENATOR LAUTENBERG: Do you believe that the civil penalty/fines allowed under existing legislation provide enough of a deterrent to railroads that violate safety regulations?

ANSWER: Inflation since 1970 has certainly eroded the deterrent value of the civil penalties provided for in the 1970 Safety Act. Accordingly, we have proposed in our rail safety reauthorization bill that the maximum penalty be increased from $2,500 to $10,000 and that the Act include a maximum penalty of $25,000 for grossly negligent violations.

SENATOR LAUTENBERG: In an effort to support railroad safety, would you support higher penalties being assessed against railroads for violations?

ANSWER: Yes, that is why we have made the proposal described above.

PENALTIES FOR TAMPERING

SENATOR LAUTENBERG: FRA Administrator John Riley has asked for legislation giving the Department authority to directly impose penalties on employees that violate safety rules including tampering with safety equipment. Do you support the direct imposition of such direct penalties on railroad management officials who knowingly violate safety rules and regulations? (As opposed to the present system that imposes civil penalties/fines against the carrier.) If not, why not?

ANSWER: Yes, our bill has a provision that would permit FRA to sanction individuals, whether rank and file employees or management officials, for violation of FRA safety regulations.

FRA CHIEF COUNSEL

SENATOR LAUTENBERG: The Office of Chief Counsel within FRA has eight lawyers to handle violation and penalty negotiations. Would you support an increase in this office to ensure timely and [thorough] settlement of safety violations?

ANSWER: The Chief Counsel's Office has nine attorneys in its Safety Division who are responsible for all enforcement, regulatory work, litigation, and legislative work related to rail safety. I think this staffing level strikes an appropriate and acceptable balance between competing program and budgetary demands that permits the existing workload to be handled both well and within a reasonable time. Of course, we continually strive to reduce the time required to process violations.

SENATOR LAUTENBERG: Would you support authorizing FRA to directly penalize employees found guilty of safety violations such as tampering?

ANSWER: Yes, our bill has a provision that would permit FRA to sanction individuals for violation of Federal rail safety regulations.

CURRENT RAIL DRUG AND ALCOHOL RULES

SENATOR LAUTENBERG: What role does DOT have in implementing Operation Red Block, operating Rule G By-Pass Agreements that allow employees with alcohol and drug problems to remove themselves from operating responsibilities? Have by-pass agreements worked?

ANSWER: FRA has been a primary catalyst for promoting Operation Red Block by working in close association with railroads and labor organizations. Our latest initiative is to contract with outside consultants to publish a case study of the history and success of Operation Red Block on two major railroads. Once published, this monograph case study will be distributed throughout the railroad industry and to other industries.

Operation Red Block is based on the concept of bypass of discipline to provide assurance that if an employee reports suspicion of alcohol or drug misuse by a coworker, the rule violator would not be fired if he cooperates with the EAP counselor in seeking treatment or education, as appropriate. Other elements of Operation Red Block include a strong, written union policy against alcohol and drug use, education and awareness activities, and a professional treatment program for troubled employees.

Rule G Bypass agreements have been voluntarily entered into by several railroads that do not have an Operation Red Block program. In addition, FRA's Rules and Regulations require railroads to adopt, publish, and implement policies to allow employees

to participate in rehabilitation programs. This regulation also allows for co-worker referral or reporting of a troubled employee. In either instance, the regulation provides for a once-in-a-lifetime bypass of Operating Rule G.

According to Union Pacific, one of the two railroads in the Operation Red Block case study, Rule G violations have been reduced by 50 percent, which is an indication of a significant reduction in the use of alcohol and drugs among its employees.

RAIL BASED MX MISSILES

SENATOR LAUTENBERG: Do you know how many missile trains the Department of Defense is planning to run? What depots are available to these missile trains? How many miles of track are envisioned in this plan?

ANSWER: The Air Force has indicated that it plans to deploy twenty-five missile trains, each carrying two Peacekeeper missiles. In peacetime, these trains would be maintained at so-called rail garrison, under the control of the Strategic Air Command (SAC). At present, there are eleven SAC bases that are candidates for the rail garrisons, with the actual garrisons to be selected later by the Air Force. While the Air Force intends to potentially use a substantial portion of the over 145,000 route miles of major rail lines available, the actual network will be determined after extensive study of mission requirements.

SENATOR LAUTENBERG: In the Defense Department's budget submissions there is a proposal to rail base MX missiles. Are you aware of this proposal? Has the Department of Transportation worked with the Defense Department on this proposal? If so, in what capacity? What assistance did you provide, or what input did you have in this proposal?

ANSWER: On December 19, 1986, the President announced his decision to move forward with research and development of the so-called Rail Garrison Mobile basing program for the Peacekeeper missile, together with full scale development of the small ICBM using other basing modes. Several years of research are contemplated for the Rail Garrison Mobile program; a substantial portion will concern issues of rail system safety, operations, communications and mobility.

Since early last fall, FRA staff have furnished technical advice to the Rail Garrison Mobile Project concept team, at the request of the Air Force and the Office of the Secretary of Defense. FRA has furnished the Air Force with basic information and research results relevant to railroad capabilities and is acting as point of contact with the principal railroads and research organizations. As the Rail Garrison Mobile concept proceeds toward engineering development, FRA's technical advisory role will be formalized by a Memorandum of Understanding with the Air Force. The Memorandum of Understanding will serve to specify

individual areas of research and information needed by the Air Force and will be the vehicle for full reimbursement of FRA for any engineering data collected or analyzed by FRA on their behalf.

FRA will continue to assist the Air Force as a technical advisor and as point of contact with the industry. Specific research or data analysis will, however, be funded by the Air Force, to avoid interfering with our existing high priority research and policy development activities.

SENATOR LAUTENBERG: The Defense Department proposal envisions moving an 8 axle, 300 ton rail car on rail lines in the western states. This is double the number of axles on a coal car and is about three times the size of a coal car. Has your Department examined the feasibility of this plan? What was your response?

ANSWER: The Air Force has indicated that the dimensions of the missile car would be less than the largest cars now moving on the U.S. rail network. The proposed gross weight of 300 tons would be accommodated by an eight-axle configuration and would present no unusual operating difficulties beyond that normally associated with present eight axle (or more) rail cars.

REDEEMABLE PREFERENCE SHARES - ASSET SALE

SENATOR LAUTENBERG: The Administration's Budget assumes receipts of approximately $207 million associated with the sale of redeemable preference shares. This puts pressure on the Transportation Budget because if the receipts are not realized outlay reductions of that amount must be found in other Transportation programs. How confident are you that these sales can be made?

ANSWER: Under the Federal Railroad Administration's financing agreements, the issuers have a contractual right of first refusal to repurchase their securities. The price will be the major issue to be negotiated, whether the sale be to the issuer or to an outside investor. We plan to negotiate with the issuers first and use expert financial advisors, where appropriate, to prepare and market the portfolio privately, if negotiations with issuers are unsuccessful, to realize the highest possible return. Until such time as we enter into negotiations with issuers or obtain competent professional advice for private third party sales, it would be premature to speculate on the degree of interest by private investors. Recent private sector financings of regional and smaller freight railroad acquisition and rehabilitation projects, however, indicate that a market is available for FRA's loan portfolio.

SENATOR LAUTENBERG: What do you base the estimate on? Please provide the Committee your analysis of sale possibilities.

ANSWER: It is necessary to attach a caveat to any discussion of loan values and discount rates at this stage. What we presently have is only a very preliminary estimate of a likely minimum value of loans which FRA expects to sell. We will seek to develop a marketing plan which will maximize the pricing of the portfolio through our consultations with expert investment advisors. At present, the principal of outstanding loans is as follows ($ Millions):

$159.8	Chicago and North Western Transportation Co.
152.5	Illinois Central Gulf Railroad Company
68.8	Soo Line Corporation
52.7	St. Louis Southwestern Railway Co.
29.1	South Dakota Railroad Authority
25.9	Boston and Maine Corporation
25.0	Oklahoma, Kansas and Texas Rail Users Assoc.
17.5	Mid-States Port Authority (Kansas)
22.4	Other (9 recipients, all below $5 million)
$553.7	Total

It should be noted that the sale of the loan portfolio assets is independent of other ongoing FRA privatization efforts--as for example, in merger proceedings--to negotiate an immediate equitable settlement of the Government's creditor interest in the railroads involved, and end the Government's involvement in the railroad financing business. The portfolio sale thus will not include loans made to such entities as the St. Louis Southwestern Railway Company and the Oklahoma, Kansas and Texas Rail Users Association, both of which currently are involved in merger cases. Settlement of these loans is being negotiated separately.

SENATOR LAUTENBERG: You estimate that the discount rate on these assets will be approximately 65 percent ($377 million write-off on $583 million). Why such a deep discount?

ANSWER: The indicated initial estimate of $206 million is a value placed on the portfolio which would be assured in even the most unfavorable forseeable market conditions. Realizing the highest possible return clearly will be dependent, among other things, on the timing of the sale, the Government's cost of borrowing, and changes in the financial condition of the issuers of the securities being sold. With the benefit of the expert investment advice we propose to seek, we would expect the realization on the sale to be considerably better.

SENATOR LAUTENBERG: Can you assure that these sales will be made? If the receipts of $200 million are not realized would you support the Committee from being held harmless from generating additional outlay savings of $200 million.

ANSWER: With the cooperation of Congress we fully expect that the loan portfolio will be sold. As indicated in the previous answer, $206 million is a

conservative estimate for the sale of the loan portfolio.

TRANSIT SAFETY

SENATOR LAUTENBERG: Madam Secretary, what does the Department do in the area of transit safety?

ANSWER: In commuter rail safety, as with rail freight and rail passenger safety, FRA has the lead. They enforce regulations concerning the design and construction of plant and equipment, and for rail operating practices. FRA's rail inspectors oversee compliance with these regulations, assisted by state rail inspectors. Also, FRA thoroughly investigates nearly all commuter rail accidents. NHTSA prescribes safety performance standards for transit buses, just as they do for all buses and for all other motor vehicles. Light and heavy rail system safety traditionally has been a local responsibility. However, UMTA does conduct project management oversight on major new start and rehabilitation projects to insure that their design and construction conform with industry standards. UMTA also performs some safety oversight in their Triennial Reviews of light and heavy rail transit operations. They also perform research for transit operators on safety problems such as fire safety and emergency preparedness.

SENATOR LAUTENBERG: Does the recent MTA (Metropolitan Transit Authority) accident in New York suggest more involvement on your part regarding transit safety?

ANSWER: The Department plans to continue its same level of involvement in transit safety.

SENATOR LAUTENBERG: Are you satisfied that transit systems in this country are safe?

ANSWER: The Department considers transit systems in this country to be relatively safe while, at the same time, we recognize the need for local and appropriate federal involvement to continue further safety improvements.

TRANSIT PRIVATIZATION

SENATOR LAUTENBERG: Madam Secretary, you are a strong proponent of "privatization." How much of UMTA funding is spent on "privatization" efforts?

ANSWER: The administrative headquarters cost is about $300,000, most of which goes for staff salaries and expenses in UMTA's Office of Private Sector Initiatives.

There were 57 Section 8 private sector study and planning grants for FY86, for which over $5.5 million was obligated.

In FY86, the Office of Private Sector Initiatives made Section 6 grants totaling about $1.8 million, up from $785,000 in FY85.

Regional staff also devote time to outreach and informational activities.

SENATOR LAUTENBERG: Do you believe these funds have been well spent, that is, what have been some of the successes of this effort?

ANSWER: There is no question in my mind that this is money well spent whether you measure its worth in terms of public and industry interest, activities presently underway, or accomplishments. In 1984, UMTA held a conference on the private sector and public transit. There were about 100 people there, most of them private operators. Last November, another conference drew over 600 people from 8 countries. Attendees included private developers, public transit managers, elected officials, consumer representatives and labor officials. The agenda ranged from innovative financing to employee ownership.

There are a number of activities underway through which UMTA is providing leadership and guidance in the area of public-private partnerships, competition, and private sector contracting.

Last year, we established the Public-Private Transportation Network (PPTN), a national network of experienced transit experts to advise local governments and private operators about the nuts and bolts of contracting and joint ventures. Another important tool used by the Office of Private Sector Initiatives as part of its information program is the Joint Center for Urban Mobility Research, a joint research program of Rice Center and UMTA which publishes Private Sector Briefs, a series of newsletter-style research summaries designed to keep subscribers up-to-date on the latest private sector involvements in public transportation.

UMTA has joined with APTA -- the American Public Transit Association -- to form a Competitive Services Board to resolve outstanding issues surrounding competition in transit, beginning with the recently issued guidelines for comparing public and private sector costs.

UMTA is also funding demonstrations of private involvement in transit finance and is sponsoring a series of demonstrations aimed at introducing competition into transit systems for operations or maintenance services.

To date, eight cities around the country are about to offer all or part of their transit services for competition between public and private operators: Des Moines, Minneapolis-St. Paul, Little Rock, Los Angeles, Miami, New Orleans, Cincinnati, Austin, and Cobb County, Georgia.

Finally, UMTA is also involved in training. They have sponsored workshops across the country to exchange views with those in the industry and with consumer groups, and to provide information on how to use competition and private sector participation effectively.

As to results, both statistical evidence and case studies show the positive effects of UMTA's private sector initiatives in addition to the successes we've enjoyed as part of the activities I've already mentioned.

An UMTA-commissioned national survey revealed that competition and the use of the private sector saves transit companies from 10% to 50% on costs.

A Rice Center study of private sector participation in transit -- the final report was issued in February of this year -- reveals the following: First, 67 percent of all agencies that receive UMTA grants have adopted a policy regarding the participation of the private sector in the planning and/or delivery of public transit services; second, even more, 84 percent of systems receiving UMTA funds, have developed a process for involving the private sector in the planning and delivery of public transit services; and, third, 51 percent have begun planning, feasibility, implementation, or technical assistance studies dealing with private sector participation in transit planning or service delivery.

Let me also offer examples that show the range of systems that can benefit from competition and private sector participation.

The Metropolitan Transit Authority of Harris County in Houston, Texas, now contracts 36 percent of its commuter services (74 buses) with private carriers. This contractor provided commuter service is 24 percent less than METRO's costs, enabling them to save about $2 million annually.

In the area of private sector financing, New York City has a program of giving zoning bonuses to developers who provide transit improvements. This effort has generated over $100 million in improvements at no cost to the Metropolitan Transit Authority or the taxpayers.

There are numerous other examples that I could give you, illustrating private sector involvement and competition in planning, research and development, financing and facility development, peak hour transit services, regular route transit services, elderly and handicapped paratransit services, and vehicle maintenance and other support services.

But, it suffices to say that in these times when the Congress is taking every step to reduce the Federal deficit, it makes sense to do everything we can at the Federal level to help localities take full advantage of private sector resources and capabilities in meeting local public transit needs.

SENATOR LAUTENBERG: Why do you think UMTA's "privatization" efforts have raised concerns among the public operators and labor unions that such efforts would serve as a reason to delay or deny grant funds to public transit authorities to thwart their ability to expand service?

ANSWER: There is absolutely no reason for operators or unions to fear that the privatization requirements of the Act will be used to delay or deny public funds to public operators. UMTA has pledged to respond to grant applications in 90 days or less. In

addition, we have emphasized from the beginning that UMTA does not condition transit grant approval on a certain level of private sector involvement or a percentage of privately provided service.

Unfortunately, there originally did seem to be some confusion as to what operators must do to comply with Sections 3(e), 8(c), 8(e), and 9(f) of the Urban Mass Transportation Act.

For that reason, and in compliance with the direction we've received from this Committee, we issued our revised Private Sector Guidelines last December to minimize that problem. Those guidelines make it clear that, while each locality must have in place a process for considering private sector options, each locality is free to develop its own process to fit its owns local set of circumstances.

POSITION ON TRANSIT LEGISLATION

SENATOR LAUTENBERG: Madam Secretary the Administration's proposal for transit has been rejected by both the Senate and the House. The transit authorizing conference has before it two bills very dissimilar to what you were proposing. Would you recommend a veto of the bills before the Conference Committee? What would you consider as an acceptable bill from that Conference? Are you confident that a signable bill for transit can emerge from that Conference? If not, why not?

ANSWER: I have already advised the transit conferees in a letter dated February 20, 1987, that there are a number of extremely troublesome issues before the Conferees which could lead directly to the bill being vetoed if not addressed satisfactorily. We hope that the Conference Committee will weigh our concerns carefully. If the conference agreement does not satisfactorily address our concerns, the President's senior advisors would strongly recommend that he veto the bill.

With specific regard to transit, we oppose the provisions in both versions of the bill which mandate support of the Los Angeles metrorail project. This provision would require that a large percentage of the highway user fees in the Mass Transit Account be directed to only one city. The Department already has agreed to spend some $475 million on the first phase of this project, and we do not think additional scarce gas tax based funds should be committed to this project. Moreover, we understand Los Angeles has sufficient local funds to complete the second phase on its own.

The transit authorization levels in H.R. 2 exceed the President's budget by $12 billion over the five year period of the bill. The Senate bill would exceed the President's budget by almost $6 billion over four years. We strongly oppose these excessive authorizations and firmly believe that Federal transit assistance should be limited to the proceeds from one cent of the fuels tax without general revenue funding. This approach would put both highway and transit funding on a user fee basis.

Limiting Federal assistance would also encourage more prudent, cost-effective transit programs.

While we oppose the high transit authorization levels in both bills, we are even more concerned that retention of the status quo structure for the transit program precludes an equitable distribution of funds among the states. Both bills reauthorize the current basic transit program structure, perpetuating the transit discretionary program (funded from the Highway Trust Fund) which the Administration proposes to eliminate in favor of a formula program. However, we support the concept of the Senate proposal to guarantee each state its fair share of the mass transit program funded from the Highway Trust Fund as a starting point to increase the equity of mass transit funding. Since the one cent of the fuels tax is collected from all states, it is only reasonable that it should be allocated to all states by an equitable formula. This approach would ensure that each state receives a portion of the mass transit part of the highway tax and make it difficult for Congress to earmark Trust Fund programs. However, we urge the deletion of the conditions in the Senate provision which deny a fair share of transit funds to a state if the state received more Federal assistance than it contributed in all fuel taxes and Federal revenue collections. There is not any credible data on Federal collections on a state-by-state basis to make this latter calculation.

The Senate explicitly rejected attempts to increase domestic protection provisions in highway and transit programs during consideration of the bill on the floor. Under the House Buy America amendment, domestic content requirements for buses, rolling stock, and associated equipment would be increased from 50 percent to 85 percent. We also object to the House proposal prohibiting use of foreign cement. These provisions would add millions of dollars to the cost of these programs, cause construction and procurement delays, and invite foreign retaliation. We are strongly opposed to these changes and urge the adoption of the Senate language.

We also oppose the provision in sections 110 and 313 of the House bill which would allow state and local governments to use Federal grant funds to influence relations with South Africa. The provision could have a chilling impact on competitive bidding. It would also destroy the uniformity of the contracting process and add to bid preparation costs.

CONSTRUCTION MANAGEMENT

SENATOR LAUTENBERG: For the past couple of years the Appropriations Committee has included a transit construction management oversight provision in the bill which allows the Department to use up to one-half of one percent of a construction grant to hire outside engineers/consultants to oversee a grant recipient's construction program. How successful has that program been? Has this oversight resulted in dollar savings?

ANSWER: The Project Management Oversight Program (PMOP) has been a tremendous success in helping UMTA carry out its oversight role and for the local transit authorities which are implementing the projects. Specifically, we have received much support from the PMOP contractors in the review of grantees' Project Management Plans. By having these Plans reviewed by an independent party, we are able to satisfy ourselves as to whether the grantee is proceeding to implement the project in a prudent manner.

Since the PMO program is designed to identify and resolve issues before they become problems, the assignment of a hard dollar value to the savings that the program creates is really not possible. However, our experience thus far has been that an independent and objective assessment of projects results in benefits to both the grantee and the Department.

SENATOR LAUTENBERG: How often have you utilized this provision? For what projects?

ANSWER: Through a competitive procurement we have awarded ten Project Management Oversight (PMO) contracts to the most highly qualified firms competing for the work. We direct the firms to perform services as they are required. To date, we have issued a total of fifteen Work Orders covering twenty-three projects:

. Bay Area Rapid Transit's Capacity Expansion Program
. Jacksonville's People Mover
. Seattle's Transit Tunnel Project
. New Orleans' St. Charles Rehabilitation Project
. San Juan's Agua Guagua Project
. San Diego's Light Rail Project
. Los Angeles' Metro Rail Project
. Washington D. C.'s Metro Rail Project
. Philadelphia's Frankford Elevated Rehabilitation Project
. Chicago's Southwest Transit Project
. St. Louis' Light Rail Project
. Houston's Southwest and Northwest Transitways Projects
. Miami's People Mover Extension Project
. New Jersey's Coast Line Project

and the following New York projects:

. 8th Avenue Rehabilitation
. 2nd Avenue Tunnel
. 63rd Street Tunnel
. Archer Avenue Tunnel
. Lexington Avenue
. Park Avenue
. Long Island Electrification
. Long Island Yard Project

In addition to the 10 contracts, we also have PMO's performing oversight on the Sacramento Light Rail Project, the Detroit People Mover Project, and the San Jose Light Rail Project. Also prior to July 1986, we had a firm performing PMO services for us on the Miami Metro Rail Project.

SENATOR LAUTENBERG: Would you support a similar construction management oversight provision for other major construction programs like highway projects and in the Airport Improvement Grant Program?

ANSWER: We do not believe that such an oversight provision is necessary for the highway or airport grant programs. There are major differences among these agencies both in the type of program they deliver as well as in staffing and organization in general.

Airport development grants under the Airport Improvement Program (AIP) average less than $1 million which is considerably less than some of the large transit projects. The FAA field staff has been very successful in working with the airport sponsors to ensure that projects are implemented in a prudent manner. Similarly, FHWA has maintained a longstanding Federal-aid relationship with the fifty-one State highway agencies. FHWA oversees the highway construction program of each of the States through a division office in the State. Therefore, for the airport and highway programs, we believe it is most appropriate to use the grant funds for capital construction rather than for an additional layer of construction management oversight.

Question Submitted by Senator Chiles

POMPANO AIRPORT

SENATOR CHILES: I understand that you met with Congressman Shaw last year regarding the City of Pompano Beach's difficulties in resolving a discrimination complaint filed by Mr. James Brettman. In an attempt to comply with a court decision upholding the Brettman complaint as affirmed by an FAA hearing officer, the City has offered a number of leases to Mr. Brettman. It is my understanding that this complaint is separate from and will be dealt with apart from an earlier Inspector General report on the Pompano Airport. The FAA has indicated it wishes to resolve the Brettman issue first, and the City has the same goal. In light of your earlier meeting with Congressman Shaw and your expressed interest in resolving the problem, has the FAA yet determined what would be considered a satisfactory lease offer for Mr. Brettman? Has a determination been made on the City's latest offer, and if is has, what is the agency's decision?

ANSWER: At my meeting with Congressman Shaw, he indicated that he would be meeting with representatives of the City of Pompano Beach and requesting that the Department temporarily defer taking action or making a determination on the offer by the city to Mr. Brettman to see if an agreement acceptable to all parties could be reached. My understanding is that Congressman Shaw's effort to resolve the issues has not been successful. Based upon that understanding the FAA staff is in the process of finalizing its analysis of the City's offer to Mr. Brettman. That staff analysis and recommendation should be completed within the next month, at which time it will be carefully reviewed.

Questions Submitted by Senator D'Amato

NATIONAL AIRSPACE PLAN

SENATOR D'AMATO: Your statement indicates that ninety percent of National Airspace Plan projects will be underway by September 30. This plan started out as the "10-year, $10 billion modernization". What is the current total cost and time frame for completion?

ANSWER: The current 10-year (1982-1992) cost estimate remains at $12.2 billion. The "second phase" (1993-2001) is presently estimated to cost $3.6 billion, for a total cost of $15.8 billion.

SENATOR D'AMATO: Do you remain confident that the system components, once delivered, will function as an integrated system and thus meet the technological demands of our burgeoning airspace?

ANSWER: We are satisfied that the National Airspace Plan projects represent a fully functioning integrated system capable of meeting the needs of the National Airspace System. In addition, we remain prepared to adapt these plans to necessary changes and remain confident that our established system designs and processes will allow us to implement these changes with minimum impact to our ongoing operations.

SENATOR D'AMATO: Why does the Administration's proposed Airport and Airway Reauthorization Bill contain (in Section 106 (a) (2) a $200 million "sinking fund" for NAS Plan cost overruns? For what projects is this extraordinary authority necessary?

ANSWER: The FAA's NAS Plan Systems Engineering and Integration Contractor, the Martin-Marietta Corporation, has concluded that an undertaking of this complexity and financial magnitude does in fact incur a certain degree of financial risk associated with its implementation. Based on the Martin-Marietta Corporation's advice, the proposed authorization includes $200 million to accommodate cost growth associated with the National Airspace System Plan. There is no specific planned distribution among the various projects included in the NAS Plan. However, all projects are potential candidates for the risk reserve funding.

SENATOR D'AMATO: This requested $200 million authorization is for Fiscal Year 1988 and 1989. Yet the FY 1989 authorization level is more than double the pending FY 1988 requests. We must either conclude that your FY 1988 request has been understated, or that the Department can no longer predict the costs of the NAS Plan. How do you respond?

ANSWER: Our budget request for the F&E appropriation in FY 1988 is $1.350 billion. The planning estimate for FY 1989 is $1.500 billion. The FY 1988 request is only 9 percent less than the FY 1989 planning estimate. Should we need to exercise the $200 million reserve authorization, which is available for appropriation at any time during the 2-year period and is in addition to the basic authorizations for the 2 years, it would be either in the form of a FY 1988 supplemental request or included in our FY 1989 budget request.

AVIATION DELAYS

SENATOR D'AMATO: It is said that 30 percent of all delays occur in the busy New York airspace. In response to your recent Show Cause Order, some major carriers have expressed reluctance to change their schedules, especially at their hubs. Others express dissatisfaction that not enough is being done to match the air traffic control system to passenger needs. How do you respond to industry's reluctance to adjust schedules?

ANSWER: One of the results of aviation deregulation has been the increased reliance on a hub and spoke system of scheduling operations. This system severely taxes many airports, both in terms of groundside and airways capacity.

Our experience has been that carriers are generally cooperative in making adjustments to their schedules if the overall impact is not significantly detrimental to the carrier's marketing strategy. We have met individually with several of the major air carriers at some of the busier hub airports to discuss the impact of scheduling practices on the air traffic control system and flight delays.

The Department of Transportation has also granted final discussion authority to discuss schedules at several of the delay prone airports. These discussions will be held for seven airports beginning March 16 in Washington, D.C.

SENATOR D'AMATO: Since you acknowledge that not every facility will reach the statutorily-set 60 percent full performance level, will you take steps to impose traffic restrictions as recommended by the former Deputy FAA Administrator? If so, in what terminal areas?

ANSWER: No restrictions will result because of staffing. We expect to achieve the 60 percent full performance level at all pacing terminals.

FUTURE CONTROLLER REQUIREMENTS

SENATOR D'AMATO: Assuming we all agree about where the successes and continuing problems are with current controller staffing, let's review the longer range prospects. How many FAA facilities, even those that currently meet the 60% full performance level goal, are not at fully-authorized strength? Which are they? How many New York facilities are not at fully-authorized strength? Which are they?

ANSWER: The following is a list of the major facilities that had not reached their authorized levels as of January 31, 1987. The data does not include students at the Academy who will report to the facility upon completion of training.

Towers	Centers
Kansas City	Kansas City
St. Louis	Washington
Baltimore	New York
Washington National	Chicago
New York TRACON	Indianapolis
Cleveland	Minneapolis
Detroit	Cleveland
O'Hare TRACON	Boston
Boston Logan	Denver

Towers	Centers
Denver	Salt Lake City
Salt Lake City	Jacksonville
Atlanta	Miami
Charlotte	Memphis
Nashville	Atlanta
Dallas-Fort Worth	Albuquerque
Houston	Fort Worth
Las Vegas	Los Angeles
Los Angeles	Anchorage
Los Angeles TRACON	Guam CERAP
Oakland TRACON	
Phoenix TRACON	

The major New York area facilities not at a fully-authorized strength are: New York TRACON and the New York ARTCC.

SENATOR D'AMATO: Does the FY 1987 supplemental request, and the FY 1988 request provide sufficient resources for the major facilities to be fully staffed?

ANSWER: Yes. Most of these centers have 90 percent or more of their allocation on board. The FAA is working to bring these and the handfull of centers that are below 90 percent up to full strength. In addition, we feel that the new en route radar training program that was established at the Academy for the Chicago Center should be expanded to include other centers. While this expanded training program is not designed to add new controllers per se, it is anticipated that controller development to full performance level would be shortened significantly. Under this new training procedure, a computer program which replicates Chicago Center sectors is used to train Chicago assignees before they move into the Chicago facility for on-the-job training. To expand this program for other centers, additional equipment, instructors, and associated cost will require supplemental appropriations which are above the $50 million we already have before Congress. We have forwarded to OMB our request for additional Operations resources.

SENATOR D'AMATO: You testified that the "washout rate" for controller trainees is improving. What are those rates, and what explains the improved performance?

ANSWER: The FAA has been making steady progress in solving the problem of high losses in the controller training program. The percentage of students lost during Academy training has declined from 45% in 1984 to an estimated 40% this year, and we expect to do at least this well in FY 1988. Initiatives that have reduced the loss rate and increased the skill level of trainees include the following:

Selection of trainees from above the 90th percentile of those eligible.

Better evaluation of trainees' performance during their initial training.

A Common Screen training program at the Academy, which matches the potential of the new trainee to the difficulty of any facility, before he or she is assigned to that facility.

CONTROLLER WORK FORCE

SENATOR D'AMATO: Before the 1981 strike, there were 16,400 air traffic controllers. Since that time, traffic has increased dramatically. Revenue passenger miles are up 48%. Passenger volume is up 45%. Departures are up 19%.

The fiscal year 1988 controller work force, a term which now includes the assistants who do not directly control traffic, is requested at 15,225. What assurance do we have that FAA is constantly taking objective assessments of the controller work force needed for the levels of actual traffic? When was the last time FAA conducted such a study? (Provide for record the analysis supporting the 225 increase.)

ANSWER: Over the years FAA has developed a sophisticated staffing standard that determines each particular facility's controller workforce requirement based largely on that facility's projected traffic activity and the amount of time a controller is available to work at the control position. This staffing standard is being continuously evaluated and updated. The 15,225 requested on board by the end of FY 1988 will adequately and fully meet the needs of the system at projected traffic levels for FY 1988. If we find that additional controllers are needed as we get closer to FY 1988, we will request the additional personnel. A detailed staffing analysis has been provided to the Committee.

EASTERN REGION CONTROLLERS

SENATOR D'AMATO: The Continuing Resolution required the quantity and quality of air traffic controllers to be improved during this fiscal year. What is the percentage of full-performance-level (FPL) controllers in the major New York Region facilities? (Please exclude Air Traffic Assistants).

ANSWER: The percentage of FPL's, excluding air traffic assistants, on board at the end of January 1987 in the New York Region facilities are: New York Center 63%; New York TRACON 86%; Kennedy 65%; LaGuardia 50%; and Newark 80%.

SENATOR D'AMATO: You testified before the House last week that there will be difficulty in meeting the "60% FPL's" requirement imposed by Congress last year. What facilities are not likely to make the statutory requirement? Are these facilities historically-understaffed facilities, such as O'Hare Airport in Chicago? What steps are being taken now to improve the level of experience at these busiest facilities? When will the statutory goals be met system-wide, for example, does the FY 1988 budget assume attainment of 60% full-performance at each facility? What resource level is necessary to support 70% full-performance in FY 1988?

ANSWER: Based on the minimum 15,000 controllers on board by the end of FY 1987, we expect to achieve 70% systemwide. It will be more difficult to reach 60% FPL at all centers and Level III and above terminals. As of January 31, 1987, 8 centers and 2 of the Level III and above terminals were below the 60%. The centers are: Anchorage, Chicago, Indianapolis, Cleveland, Minneapolis, Miami, Los Angeles, and Oakland. For the terminals, Dulles and LaGuardia had not reached 60%. In the past, employment at some of these facilities has been below their allocated staffing levels.

Through new and improved training programs established in the past year, FAA is working to increase the skill level of the workforce, especially at en route centers. A new en route radar training program for the Chicago Center was established at the FAA Academy to improve the skill level of the student before he leaves the Academy. Under this new procedure, a computer program which replicates Chicago Center sectors is used to train Chicago assignees before they move into the Chicago facility for on-the-job training. Given the success of the Chicago program, we feel that it should be expanded to include other centers. Additional equipment, instructors, and associated costs will require supplemental appropriations which are above the request we already have before Congress. We have forwarded to OMB our request for additional resources.

We do not expect much change in the percentage of FPL to the overall controller workforce between FY 1987 and FY 1988.

EAST COAST PLAN

SENATOR D'AMATO: Earlier this month the FAA Administrator was sent a petition signed by nearly 140 Air Traffic Controllers at the Long Island facility, calling for more training to implement the new flight patterns known as the "East Coast Plan." Please provide the status of additional training.

ANSWER: All controllers affected by the plan received training based on the degree of change within each sector of operation within the facility. Each controller received an average of 40 hours of training. Full performance level (FPL) controllers received the full amount of training and developmental controllers received portions of training commensurate with their qualifications on positions that were affected.

SENATOR D'AMATO: How many additional controllers are being added to implement the East Coast Plan?

ANSWER: Approximately 140 of the controllers added in FY 1986 are required to achieve full benefit of the EECP.

SENATOR D'AMATO: How soon will the East Coast Plan relieve delays and congestion.

ANSWER: Statistics show that the plan immediately decreased delays and congestion. A survey indicates the objective of reducing New York delays (Newark, LaGuardia, JFK) is exceeding what FAA expected through a net delay reduction of about 17 percent. These figures are even better than indicated (25.67 percent) if JFK is dropped from consideration. The departure delay at JFK is caused by limited capacity in the Caribbean Ocean area; i.e., aircraft destined for San Juan, St. Thomas, etc., which are delayed due to International traffic from other countries and U.S. locations outside the New York area. Looking at the eight pacing Eastern Region airports - JFK, LaGuardia, Newark, Teterboro, Philadelphia, Baltimore-Washington International, Washington National, and Dulles, the delays are down by 4.6 percent with a corresponding traffic increase of 5.2 percent.

NEW YORK TERMINAL RADAR CONTROL

SENATOR D'AMATO: Last year, the full request of $15 million was provided for necessary improvements to the New York terminal radar approach control facility. The total provided to date ($46.4 million) was urgently necessary, FAA claimed, since the existing system could handle traffic only through June 1987. I now understand even more funds are being requested for this activity. Is this program going to be complete by the June 1987 deadline? Is the New York facility currently at maximum limits?

ANSWER: The New York TRACON Project, Phase I, will not be completed by June 1987. A recovery plan, proposed by the contractor, indicates a requirement for additional funds for completion of Phase I by 1988. Due to the projected cost and time impact of the overrun and slippage, various alternative methods to assure the continued operation of the TRACON are being examined with the contractor and FAA.

The current New York TRACON program is handling the operational traffic at this time. Based on traffic trends of the past few years we expect the system to be exercised to its current maximum potential on some occasions this summer. Software modifications developed in the past two years have provided limited expansion of the system's capacity. We have initiated additional program changes and contingency operational plans which will provide some added capacity to meet the system load by this spring. These modifications are limited in nature and continued enhancement of the program should not be expected to produce any large paybacks.

SENATOR D'AMATO: The Senate report (99-423) called for notification to the committee in the event this project was off schedule. When will such notification be provided?

ANSWER: The FAA Administrator will be prepared to fully discuss the New York TRACON schedule at his forthcoming hearing.

LAW ENFORCEMENT DETACHMENTS

SENATOR D'AMATO: The Anti-Drug Abuse Act of 1986 contained an authorization for 500 Coast Guard personnel to be assigned to naval vessels for drug interdiction functions. (This is the second year Congress has provided this authority.) Is there a budget request for FY 88 for the 500 law enforcement personnel required by law?

ANSWER: The FY 1988 Coast Guard Budget includes a request for 300 law enforcement detachment (LEDET) personnel, directly funded in the Coast Guard budget rather than reimbursably funded by Navy.

SENATOR D'AMATO: How many Coast Guard personnel are currently trained in drug law enforcement, pursuant to this legislation? Why is the mandated level of 500 being ignored?

ANSWER: By July 1987, 300 LEDET billets will be filled by qualified personnel. Because personnel filling these billets require a high level of training, the Coast Guard was unable to immediately deploy 500 qualified personnel but began a concerted

recruiting and training effort in FY 1986. However, based on our experience and the availability of suitable Navy ships, a level of 300 people is fully adequate to carry out the intent of the legislation as we understand it.

SENATOR D'AMATO: How many are regularly assigned to naval vessels? What are the seizure results from these law enforcement detachments?

ANSWER: The number of LEDETS assigned to Navy ships is not constant. The levels of LEDET deployment are dependent on the number of ships offered each quarter by the Navy and the number of ships which are determined to be suitable by the Coast Guard Area Commander for LEDET embarkation. In the first quarter of FY 1987, LEDETS were embarked on 26 Atlantic area Navy ships and 9 Pacific area Navy ships. In FY 1986, LEDETS operating in Navy units seized 15 vessels, over 185,000 pounds of marijuana and made 60 arrests. So far in FY 1987, they have seized 7 vessels, over 144,000 pounds of marijuana, 50 pounds of cocaine and made 54 arrests.

SENATOR D'AMATO: To what other law enforcement functions are these personnel assigned?

ANSWER: When LEDETS are not deployed on Navy ships, they are stationed at Coast Guard shore units where they augment law enforcement boarding parties.

MARITIME TRAINING SHIP

SENATOR D'AMATO: In the FY 84 Supplemental, Congress provided $8.5 million to purchase a State Maritime Training Ship (Commerce-State-Justice Appropriation). Last year, the FY 86 Supplemental overturned the proposed deferral of those funds. What will be the FY 88 funding necessary to convert such an acquisition to make it suitable for use as a state training vessel?

ANSWER: Based upon MarAd studies of possible candidates and actual conversion experience, it is estimated that $15-25 million would be required to convert a ship for its use as a schoolship.

SENATOR D'AMATO: Where are these necessary follow-up costs shown in the FY 1988 budget request?

ANSWER: The conversion costs are not included in the FY 1988 budget request, since elimination of Federal support for State Maritime Schools is proposed. Training vessels, with the exception of the Patriot State, which is a Ready Reserve Force vessel, will be offered to the schools. The states would have to assume all responsibilities for maintenance, repair, and future replacement.

NORTHEAST TRANSPORTATION NEEDS

SENATOR D'AMATO: The Northeast Governors have called for increased rail investment to deal with that region's highway and airport saturation. When was the last time the Department studied multi-modal transportation requirements in the Northeast?

ANSWER: The Department's most comprehensive study of multi-modal transportation requirements in the Northeast was published by Secretary Volpe in 1971. It recommended improvements to the underutilized railroad as the most economical solution to congestion problems and laid the groundwork for legislation authorizing the Northeast Corridor Improvement Project (NECIP). Since then three NECIP reports, the "Two-Year Report" to Congress in February 1978, the "Redirection Study" in January 1979 and the "Nine-Year Report to Congress" in November 1986 have addressed multi-modal requirements.

SENATOR D'AMATO: What steps is DOT prepared to take to meet those future requirements?

ANSWER: It is the Department's position that issues raised by the Northeast Governors are local or regional in nature and should therefore be addressed by local or regional bodies, not the Federal Government. The Department will make available to the Governors, or any local/regional group, reports prepared in connection with the Northeast Corridor Improvement Project. In fact, FRA has already given technical assistance to the Northeastern Governors at their request.

PRIVATIZATION OF AMTRAK

SENATOR D'AMATO: I understand you are considering creating a "blue ribbon" panel, like the one created for the Washington airports, to recommend a plan to remove Amtrak from the Federal sector. Please describe who should comprise such a panel, and what their charge should be.

ANSWER: The new Commission will be chaired by Richard Ogilvie, former Governor of Illinois, and will also include Philip Abrams, President, Philip Abrams and Associates, Inc., and former Under Secretary of the Department of Housing and Urban Development; Dr. John "Jack" Albertine, Vice Chairman of Farley Industries and former president of the American Business Conference; The Honorable James Broyhill former U.S. Senator and Congressman from North Carolina; Richard Fink, President and Chief Executive Officer of Citizens for a Sound Economy; Ed Feulner, Jr., President of The Heritage Foundation; W. Grant Gregory, former Chairman of Touche Ross and Co.; Carolyn Kuhl, Partner, Munger, Tolles and Olson; Stephen M. Wolf, Chairman and Chief Executive Officer of Flying Tiger Line; Jim Tozzi, Director, Multinational Business Services; and Robert Woodson, President, National Center for Neighborhood Enterprise, Washington, D.C.

The Commission is charged to study and present a comprehensive proposal on how the Federal Government might eliminate subsidies to Amtrak while preserving economically feasible rail passenger service. The Commission will consider what type of entity is best suited to own and manage intercity rail passenger service in a manner responsive to market forces, what route structures might result from such a proposal, and what financial arrangements might be necessary. The Commission will study a wide range of options, including proposals for private investment in some or all of the Amtrak system, defining the possibility of State subsidies for portions of the system, and also considering an employee

stock ownership plan. The Commission will, after soliciting comments from the public and interested parties, present the advantages and disadvantages of each approach to the Department.

SENATOR D'AMATO: How many productive sessions have been conducted by FRA with the States most likely to be involved in a compact to take over Amtrak? What private concerns may take over Amtrak?

ANSWER: FRA has discussed this matter with State officials on a number of occasions over the last two years. The discussions have been productive and frank.

Our experience with Conrail and the transfer of Washington National and Dulles airports suggests that private concerns will bid for Amtrak. The Amtrak Commission's report should identify individual groups and their specific concerns.

SENATOR D'AMATO: Why should Amtrak be auctioned off at a "fire sale" value of $1 billion, when its value as a passenger railroad far exceeds that value?

ANSWER: Amtrak costs taxpayers about $600 million annually, plus additional amounts of capital as appropriated. In this time of mounting Federal deficits, we do not believe that the nation can afford to continue subsidizing Amtrak. Thus, we have proposed to transfer Amtrak to the private sector and to recover a portion of the Federal investment.

SENATOR D'AMATO: What was DOT's request to OMB for Amtrak? Please provide the programmatic assumptions underpinning that request?

ANSWER: The Department requested $478 million based on continuation of current service. We originally estimated that, without new efficiencies, Amtrak would require an operating subsidy of approximately $575 million. We then assumed implementation of selected cost savings and revenue increases, which would bring the operating subsidy requirement down to about $467 million. The remaining $11 million was to be for labor protection payments.

DRUG TESTING

SENATOR D'AMATO: What is the Department doing in the rail and transportation industries to eliminate drug abuse by those entrusted with passengers' lives?

ANSWER: I have committed the Department to the goal of a drug-free transportation environment. We have rulemakings completed or underway in the rail, aviation, highway and marine areas, which will establish comprehensive programs to seek out and eliminate the use of unlawful drugs by transportation workers with critical safety functions. A major element of our program is the establishment of procedures under which these safety-critical employees will be tested for drugs; if drug abuse is found, we will require the employees to undergo rehabilitation before they are permitted to resume their duties.

In addition, the Department is seeking legislation from Congress. While we have broad authority to issue regulations in many areas, specific legislation on drug testing and rehabilitation will enhance that authority.

SENATOR D'AMATO: Last week, representatives from railroad labor testified before the Commerce Committee that random testing could be acceptable to employees if carried out in conjunction with a preliminary objective detection procedure (an alertness interview and physical symptom check). Has the Department reviewed this proposal?

ANSWER: This idea was also presented at the Federal Railroad Administration's recent public meeting on the result of the first year of operation under current drug and alcohol regulations. We are reviewing it along with all the other information that has come in. However, it would be premature for us to state an opinion about the merits of this procedure.

SENATOR D'AMATO: Can a random drug test program be devised that will meet labor's objections?

ANSWER: We hope that the answer to this question is "yes." Throughout the course of our anti-drug initiatives, we have reached out to labor parties in order to try to bring them into the regulatory process as partners rather than adversaries, and to a large extent we feel that our efforts have been successful. We will continue to work with labor as much as possible, because we believe a drug-free environment is in the interest of employees.

SENATOR D'AMATO: When will the Department promulgate a rulemaking providing for random drug tests?

ANSWER: Wherever we have authority, there are rulemakings underway to consider how to best provide for testing programs. We have already issued an ANPRM for aviation that contemplates a broad ranging drug testing program. More proposals will follow soon.

SENATOR D'AMATO: What rehabilitation and counseling programs will be required of transportation industries?

ANSWER: Counseling and rehabilitation must be an important part of any comprehensive drug initiative. The details, however, have yet to be worked out. This will be addressed during the rulemaking process.

SENATOR D'AMATO: How will DOT ensure that transportation industries rely only on high-quality laboratories for accurate and fair test results?

ANSWER: It is absolutely essential that we be able to rely on the results of the drug tests. One element that will contribute to reliability is the promulgation of guidelines for certification by the Department of Health and Human Services. We understand that development of this HHS program is well underway.

DRUG SCREENING
NATIONAL DRIVER REGISTER

SENATOR D'AMATO: To what extent is, or should, the National Driver Register (NDR) be used by transportation industries for pre-employment screenings of employees with driving records? What is being done to bring all 50 states into the national driver register?

ANSWER: Concerning the use of the NDR, pursuant to recent legislation, we are now exploring the use of a new system. Under the "old" system, which is currently in use, the NDR only tells us of persons who have had their license revoked or suspended. It does not tell us the basis for the suspension. Under the new system, currently in a pilot project stage for four states, certain enumerated violations are used as triggering devices when an inquiry is made. This system, as noted, is only available in four states at present under a pilot program. A report to Congress is due next year. Both systems are voluntary programs. While there are now specific statutory limitations on who can have access to the information, we support recent legislative efforts that would allow for an expanded use of the NDR.

DRUG TESTING--INDUSTRY-WIDE

SENATOR D'AMATO: Legislation is currently under consideration to require the rail and aviation industry to establish drug testing. What proposals do you recommend for the motor carrier industry? What about school bus operators? Hazardous materials handlers? How will the general aviation population be tested?

ANSWER: The recent legislation to require random testing in the rail and aviation area has been expanded to include the trucking industry. If the measure passes, we will take all necessary steps to implement the new law. Rulemaking efforts in the motor carrier industry and for school bus operators will explore the question of random testing, as well. Hazardous material handlers is another area the Department will look at closely. Concerning the general aviation population, this is currently the subject of an advance notice of proposed rulemaking and we will review the comments and expect to issue a notice of proposed rulemaking in the near future.

DRUG TESTING - DOT EMPLOYEES

SENATOR D'AMATO: What DOT employees have been drug tested since the January 21st announcement that approximately 26,500 employees would be tested under the authority of the President's Executive Order? Which categories of employees are covered? What have been the test results? What will be the follow-up to this program?

ANSWER: The drug testing segment of the Department of Transportation (DOT) Civilian Employee Drug Program has not been implemented. It is anticipated that this phase of the program will begin sometime after June 1, 1987. Extensive preparations, however, are underway to implement the other segments of the program, partic-

ularly the employee awareness activities. Arrangements are being made to provide all DOT employees comprehensive information on the problems of drug use and abuse. This will include briefings, training sessions, conferences and varied types of publications, posters, etc.

The Federal Aviation Administration (FAA), however, has begun a program of drug testing certain employees with safety and security responsibilities. The FAA program has been in the process of preparation for some time and was not developed under the authority of Executive Order 12564.

The FAA program provides for drug testing of employees as part of their periodic physical examinations. The following categories of employees are being tested:

Inspection/Flight Test Pilots
Air Traffic Control Specialists
Aviation Safety Inspectors
Civil Aviation Security Specialists
(Federal Air Marshals)
Firefighters
Mobile Lounge Operators
Police

Results of the early FAA tests under their program are still being received and evaluated. No conclusions have been made at this time.

The FAA program, like the Departmental program, provides for an offer of rehabilitation to employees who test positive for off-duty use of drugs. The employee will be removed from safety-security duties and offered rehabilitation. If rehabilitation is accepted and completed and the employee remains drug free thereafter, no disciplinary action will be taken.

The FAA program will exist on an interim basis and be incorporated into the overall DOT drug testing program when implemented. The DOT program calls for random testing, as well as testing at the time of periodic medical examinations. The DOT plan also calls for additional categories of employees to be tested.

The DOT program will continue to emphasize the awareness aspects, as well as the rehabilitation/abatement opportunities available to employees with drug problems. The Department's approach is to lend a "helping hand" to all employees with these problems as part of our effort to establish a drug-free workplace.

SENATOR D'AMATO: What changes will the Administration propose to include drug and alcohol rehabilitation in Federal health plans?

ANSWER: Almost all of the 368 Federal Employees' Health Benefits Plans provide some type of coverage for the treatment of drug addiction/alcohol abuse. The adequacy of this coverage currently is being reviewed by the Office of Personnel Management. We expect that proposals to upgrade the coverage will be forthcoming if determined to be necessary.

SENATOR D'AMATO: How will the costs to administer the DOT Drug Program be funded? Will a supplemental be necessary? Are sufficient funds requested for FY 88 in the budget (provide details for the record)?

ANSWER: We feel confident we will be able to fund the DOT Drug Program from our current budget. We do not anticipate that a supplemental appropriations request will be made.

We anticipate that our overall cost to administer the program will range from $3 to $5 million per year.

Question Submitted by Senator Kasten

AVIATION SAFETY COMMISSION

SENATOR KASTEN: In the last Congress, legislation was adopted to establish the Aviation Safety Commission; however, the President has yet to appoint the seven members called for. What is the status of this matter to your knowledge?

ANSWER: Shortly after Congressional enactment of legislation establishing the Commission, I provided names of potential members to the White House for consideration. All appointments to the Commission are subject to the regular checks and clearances used for such Presidential appointments, such as FBI background investigations.

Questions Submitted by Senator Weicker

STATE PARTICIPATION FUNDING

SENATOR WEICKER: I am pleased to learn that the Federal Railroad Administration has decided to spend $1.5 million for fiscal year 87 for the State inspection program, which is 26 percent of the cost of the program, even though Congress appropriated $1.35 million, covering 24 percent of the program. I am also interested to know that the FRA has changed its budget justification for fiscal year 88 to include a $1.5 million request for this program. However, I would like to know why this change was initiated based on Mr. Riley's recent explanation to me that this is the program that OMB has cut out for the past four or five years because it is the area least harmed by budget cuts.

ANSWER: The Department is currently looking at a wide range of approaches to improving railroad safety. In the meantime, it is important, as a minimum, that we maintain all existing programs that contribute to our safety effort. Our experience with highway and pipeline safety indicates that Federal assistance can be effective in improving State safety inspection programs.

As always, after a tragic accident, we review our position. On March 5, 1987, the Administration requested budget amendments for FY 1987 to restore State Safety Grants to $1.35 million, the level appropriated for FY 1987, and to continue the program at that level in FY 1988. Continuation of the program is also reflected in the Railroad Safety reauthorization legislation which the Administration has sent to the Congress.

Based on observations and conversations, FRA safety officials estimate that of the 31 participating States, 28 States having 70 of the current 104 State inspectors would remain in the program if Federal funding ends. The $1.35 million funding level in FY 1987 will allow for 22 percent Federal funding. Of the 31 participating States, 27 have already submitted their grant requests to FRA for FY 1987. None of the remaining 4 States have indicated they plan to drop out.

FEDERALLY SUPPORTED RAIL PROGRAMS

SENATOR WEICKER: The Administration's budget zeroes out monies for all Federally supported rail programs including: Local Rail Service Assistance, the Northeast Corridor Improvement Program, and Safety Grants-in-Aid. Given your stated commitment to transportation safety, what is the rationale for eliminating funding for these programs?

ANSWER: The revised budget restores the safety grant-in-aid program in 1987 and 1988. The Department has recommended the discontinuance of Local Rail Service Assistance because most of the problems caused by major rail carrier abandonments are local in nature and the responsibility of states and local governments. States with the most significant problems are increasingly establishing their own independently funded rail freight financial assistance programs. We have also recommended the discontinuance of the Redeemable Preference Shares program because the Staggers Act has improved the financial health of the railroads and made it possible for regional railroads to be established entirely with private financing. The Department's Northeast Corridor Improvement Project is complete and further improvements are the responsibility of Amtrak or its successor.

PRIVATIZATION OF AMTRAK

SENATOR WEICKER: In your statement, you indicated that during the next few months you will be studying approaches for maintaining intercity rail passenger service without Federal subsidies for Amtrak. In light of the fact that Amtrak was created in the 1970's because the private sector defaulted on national rail passenger service and given the difficulties you have encountered with the sale of Conrail, what is the reasoning for this study? What are some of the alternatives?

ANSWER: For the last three years the Administration has explored various options for getting the Federal Government out of subsidizing Amtrak. To date, while Amtrak has implemented certain cost cutting measures and funding has been substantially reduced ($602M in FY 1987), we have been unsuccessful in totally eliminating the Federal subsidy. In light of this history, it is time to take a fresh approach toward terminating Federal involvement in Amtrak.

The Commission will present a comprehensive proposal for ending Federal involvement in the management and financing of Amtrak, while preserving economically feasible rail passenger service. The Commission will consider what type of entity is best suited to own and manage intercity rail passenger service in a manner responsive to market forces, what route structures might result from such a proposal, and what financial arrangements might be necessary. The Commission will study a wide range of options, including proposals for private investment in some or all of the Amtrak system, defining the possibility of State subsidies for portions of the system, and also considering an employee stock ownership plan. After soliciting comments from the public and

interested parties, the Commission will present the advantages and disadvantages of each approach to the Department.

CONNECTICUT DISCRETIONARY GRANT

SENATOR WEICKER: Connecticut submitted a request to the Urban Mass Transportation Administration for a Section 3 discretionary grant for the New Haven rail line in April of 1986. It is my understanding that there are still Fiscal Year 1985 and 1986 funds available for this program. What is the time frame for awarding these grants?

ANSWER: All Fiscal Year 1985 funds have been obligated and only a small amount of Fiscal Year 1986 funds remain available for obligation. Fiscal Year 1987 Section 3 funds will not be available until a new authorization is in place.

The deadline for submitting requests for funding in Fiscal Year 1987 is May 15, 1987. Careful consideration and scrutiny will be given to all requests, including the Connecticut request, to ensure that scarce resources are used in a prudent manner. Awards will be made after all proposals received by that date have been analyzed and evaluated.

SENATOR WEICKER: Secondly, can you tell me when the award will be announced for the group of proposals in which the Connecticut request is included?

ANSWER: The Connecticut request will be included in the current year requests. All submissions will be closely examined, analysed and evaluated. Awards will be announced once this process is complete.

DRUG AND ALCOHOL ABUSE

SENATOR WEICKER: What are the differences in the drug and alcohol regulations for employees in the aviation and railroad industries?

ANSWER: Current regulations pertaining to drugs in the aviation industry are as follows:

1. Pilots, flight attendants, and other crewmembers may not perform their duties (a) within eight hours after drinking; (b) while under the influence of alcohol; (c) with .04 percent or more alcohol in their blood; or (d) while using alcohol or a drug that affects their facilities contrary to safety.

2. Pilots, flight attendants, and other crewmembers, on reasonable suspicion of a violation of the above regulation must submit to a drug and/or blood alcohol test.

3. Pilots, flight attendants, and other crewmembers must submit to a test to indicate the percentage of alcohol in the blood when requested by a law enforcement officer who suspects a violation of state or local law.

4. Applications for a certificate or rating by pilots, flight engineers and flight navigators may be denied (and a current rating may be revoked) for (a)

conviction for violation of a Federal or State law on drug possession or trafficking; (b) commission of an act violating number (1) above; or (c) refusal to submit to a drug or alcohol test pursuant to (2) or (3) above.

5. Applications for a certificate or rating by air traffic control tower operators, aircraft dispatchers, mechanics, repairmen and parachute riggers may be denied (and a current rating may be revoked) for conviction for violation if a Federal or State law on drug possession or trafficking.

The rules for railroad employees are:

1. On-the-job use, possession, or impairment by alcohol (defined as blood alcohol level of .04 percent or more) or drugs is prohibited.

2. Testing is permitted on reasonable cause, and is required during pre-employment physicals and after major train accidents.

3. In addition, railroads are required to report involvement of alcohol and drugs in other (non-accident) incidents.

4. Railroads are required to establish referral programs without discipline, to encourage self-reporting.

In all cases, of course, the above rules are in addition to any rules imposed by employers.

SENATOR WEICKER: What are the reasons for these differences?

ANSWER: The legal and factual circumstances differ among the various industries, and identical rules may not be appropriate. As an example of the kinds of differences that exist, we would point out that, in the aviation field, the FAA licenses pilots, mechanics, and many other employees. By contrast, the FRA has no current authority over the qualifications of railroad employees. Nevertheless, we are striving for as much consistency Department-wide as we can get. As we progress in our rulemakings now underway, I would expect that the differences will narrow.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. We are going to adjourn now. The next hearing of this committee is March 5. It is a Thursday. We will be hearing from the Federal Railroad Administration and the National Railroad Passenger Corporation. We thank you for being here.

Secretary DOLE. Thank you, Mr. Chairman. We look forward to working with you.

Senator LAUTENBERG. The hearing is adjourned.

[Whereupon, at 12:15 p.m., Wednesday, February 25, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 5.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, MARCH 5, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:20 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank Lautenberg (chairman) presiding.

Present: Senators Lautenberg, D'Amato, and Harkin.

DEPARTMENT OF TRANSPORTATION

FEDERAL RAILROAD ADMINISTRATION

STATEMENT OF JOHN H. RILEY, ADMINISTRATOR

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INTRODUCTION OF WITNESSES

Senator LAUTENBERG. I call the subcommittee to order. We welcome our witnesses today. We are going to be hearing from Mr. John Riley, the Administrator of the Federal Railroad Administration, who is going to be answering questions concerning the fiscal year 1988 budget request. After his explanation and his defense of the administration's budget proposals we have asked Mr. Riley to share the table with Mr. Graham Claytor when the subcommittee examines the fiscal year 1988 needs of Amtrak, so, Mr. Riley, you will have a chance to respond to anything I say.

Both Mr. Riley and Mr. Claytor were before the subcommittee on January 20 when we had the special hearing on the Amtrak-Conrail accident. Following that accident a number of procedural and structural reforms have been called for. Today's hearing is not designed to revisit all of the issues that were raised on January 20, except as how new authorizing legislation and new rules and procedures affect the FRA's mission and, therefore, the need for resources in fiscal year 1988.

FISCAL YEAR 1988 FUNDS REQUESTED

For fiscal year 1987 $690.5 million was provided for rail-related activities, including $602 million for Amtrak's operations, and approximately $17 million for the Northeast corridor improvement project. For fiscal year 1988, the administration has requested $12.8 million, approximately 2 percent of this year's level.

To reach this figure the administration has requested zero funding for Amtrak, zero funding for the Northeast Corridor Improvement Program, zero funding for the State Safety Grant Program, zero funding for other assistance programs and the transfer of previously appropriated funds to offset the 1988 costs of the Office of the Administrator and rail safety activities.

As chairman of this subcommittee I can safely say that we are not going to go along with this request. Very simply, Amtrak and continued improvements on the Northeast corridor will be funded. The modest funding for the State Safety Grant Program will continue, and funds previously appropriated for specific assistance activities will likely be used for the original purpose. This does not mean that the committee will not look for economies. We will. But we will not dismantle our transportation network.

I am concerned about the administration's proposal. There is absolutely no way that New Jersey's transportation infrastructure can absorb the amount of travelers Amtrak carries each year. Amtrak operates a total of 44 trains through New Jersey and carries a total of 1.8 million passengers, serving Trenton, Princeton, Newark, New Brunswick and our Metropark stop. New Jersey's airports and highways are at capacity. There is no place to put these travelers. It is that simple.

Another concern of mine is the safety of commuter rail. I was disturbed to learn that following the Amtrak accident the FRA discovered further incidents of equipment tampering on trains operating in the Northeast. I am also concerned that in my state there may be a disturbing trend taking place. The number of safety violations by New Jersey Transit have increased from 3 in 1984 to 17 in 1985, and 26 in 1986. I am determined to do everything in my power to stop this ominous trend and will ask the FRA to join me by conducting a special safety audit of the system.

That concludes my statement, and I turn now to the distinguished Senator from New York, the Ranking Minority Member of this subcommittee, Senator D'Amato, for any opening remarks that he may have.

Senator D'AMATO. Thank you, Mr. Chairman. Mr. Chairman, I am going to ask that the full text of my remarks be included in the record so as to save some time.

Senator LAUTENBERG. That will be done.

Senator D'AMATO. And then, Mr. Chairman, I would just simply like to point out that at a time when the Secretary of Energy acknowledges that this country may be just 2 years away from another oil crisis, and the FAA Administrator is hard-pressed to manage the congested airspace, I am puzzled and disturbed that the administration would persist in its efforts to eliminate intercity passenger rail service.

Gentlemen, it does not make sense. I think that the chairman has set the proper tone. I will be supporting the chairman and working to see to it that there is adequate funding and that the necessary safety investments in the Northeast corridor will be undertaken. As it relates to some of the more controversial but necessary areas, drug testing is one of those issues with which we are going to have to deal.

I appreciate the support that we have received from the administration regarding testing, but I think we are going to have to build some programs that deal with the human needs, so that this does not become a witch hunt, and so that labor and management come together on an effective program to refer those who have a drug problem to counseling and rehabilitation.

Mr. Chairman, I appreciate the opportunity to participate in today's hearing and I am looking forward to the testimony of our witnesses.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, once again the subcommittee will conduct its joint Amtrak/Federal Railroad Administration hearing for fiscal year 1988. We will explore the administration's intention to appoint a blue-ribbon panel to formulate a strategy to privatize Amtrak. This concept defies repeated congressional intent regarding Amtrak, and fails the test of sound public policy. At a time when the Secretary of Energy acknowledged that this country may be 2 years away from another oil crisis, and the FAA Administrator is hard-pressed to manage the congested New York airspace, I am puzzled that the administration persists in its efforts to eliminate intercity passenger rail service.

Furthermore, Mr. Chairman, the January 4 train crash tragically showed this subcommittee the critical need for safety investments in the Northeast corridor. The recent acknowledgment by Secretary Dole that the President's budget is being revised to provide funding for the State Inspection Program proves that more, not less, must be done.

Finally, Mr. Chairman, we are in agreement that drug testing is necessary to help rid the transportation system of substance abuse. The subcommittee debated the drug testing issue at its January 20 hearing, and the Senate Commerce Committee is expected next week to report legislation providing for random testing. The intention of Congress is clear to this Senator. We must design a compassionate, thorough program of testing that will provide for a drug free, safe transportation network.

I appreciate the opportunity today to discuss these matters with both Administrator Riley and Amtrak President Graham Claytor.

STATEMENT OF MR. RILEY

Senator LAUTENBERG. Thank you very much, Senator D'Amato.

Mr. Riley, we now invite you to summarize, if you like; the full text of your remarks will be included in the record. If you would want to introduce your associates, we would be pleased to have you do that.

Mr. RILEY. Thank you, Senator. We have a rather lengthy prepared statement of justifications which I will submit for the record. I am not going to summarize it here for the sake of redundancy. What I will do is take about 5 minutes to give you an overview of how we have stewarded the dollars that were appropriated to us last year and how we would intend to use the dollars we are requesting this morning.

FRA is an agency of about 660 people. We have eight regional offices. We have 35 district offices. The agency itself is divided into five divisions, and they follow our functions. First is the Office of Passenger

and Freight Services. Passenger and Freight Services deals with Amtrak administration and grant administration. Second is the Office of Administration.

Third is the Office of Policy, which deals with nonsafety policy issues. Fourth is the Office of Chief Counsel, which is in effect a safety office, because the great bulk of what they do is safety enforcement.

Finally, the largest part of our work force, more than half of it, is the Office of Safety, which includes research and development. Now our safety program is threefold. We are regulators, we have a research and development program designed to support those regulations, and we have an enforcement program that blends onsite inspections with full system assessments of the individual railroads.

We ended our 19th year last December at an inspector level of 325, which was the highest in the history of our agency, and those inspectors carried on three main system assessments in the course of last year. They did a full assessment of the Katy. They did a full assessment of the Norfolk & Western, and a full assessment of the MetroNorth commuter line.

Notwithstanding the time commitments involved in those full assessments we were still able—and the chart on my right reflects that—to in every category across the board increase the number of onsite inspections performed last year not only over the previous year but over any year previous to that in the history of the agency.

We used, that is, threatened use of, our emergency powers once. That was with SEPTA on the retrofitting of the tubular axle vehicles. I have used them twice in my 3-year tenure; the other was the tank car recall we did in the preceding year.

On the regulatory side we issued two major final rules, a final rule on alcohol and drug use—and I very much associate myself with Senator D'Amato's statements on the need to have a human program to go with it, and we have worked very hard to establish Operation Red Block as a national voluntary counseling and treatment program nationwide. It is every bit as important as a rule. The program needs two elements; it cannot work with only one.

The other major rulemaking we concluded was a rulemaking that authorized the use of modern telemetry devices to monitor the safety of a railroad brake system in lieu of the antiquated manual tests that prevailed for half a century in this industry.

We commenced a major rulemaking on communications which is still in process, and that runs the gamut of everything from radio communications to ATCS and the satellite communications of the future.

Finally, although this was not regulatory, we engineered the reestablishment of Operation Lifesaver as a private not-for-profit corporation, believing that in this form it can be even more effective in carrying out its essential role in minimizing grade crossing accidents.

I think the bottom line to all of this appears in the numbers at my right. We have better numbers now than I did when I was last up before this committee—our numbers on accidents and injuries. As you know, 1985 was the safest year in the history of this industry in every category. Our preliminary numbers for 1986 indicate that we will exceed 1985 by double-digit margins in just about every category.

Accidents last year were down 21 percent, down 31 percent during our administration of the agency. Accident rate, which I think is a more reliable figure than accidents because it is normalized, was down 20.4 percent. Track and equipment accidents, the things you can reach out and touch and find with inspections, were down 24.7 percent last year, 76.4 percent in this decade. At a time when workplace injuries are increasing in so many American industries, railroad workplace injuries were down 23.5 percent last year, 65.9 percent in the decade. Grade crossing accidents were down 6 percent last year.

Now the one area where the numbers went up, and this is a very interesting area, although train movement fatalities were down by exactly one-third over the last 3 years, they went up from 23 in 1985 to 26 last year. I think that is a consequence of the increasing prevalence of human factor accidents in the mix. They are invariably more severe accidents because the human being is not a fail-safe to the equipment.

So what we have is a trend of very sharply decreasing numbers of accidents, and very sharply decreasing injuries. We have increases in fatalities in some categories. That is, however, a continuation of a 7-year trend reflected in the chart on my right that has cut the accident rate in this industry by, we are approaching, two-thirds in the last 7 years.

Now, in the next year where are we going with the resources we are requesting today? The budget request we have submitted to this committee——

Senator LAUTENBERG. Mr. Riley, excuse me a second.

Mr. RILEY. Yes.

Senator LAUTENBERG. The percentage changes, is that on a relative scale? Are we talking about per billion train miles? Is that the reference that we are using—in 1985–86 here?

Mr. RILEY. Yes; I included both accidents and accident rates for exactly that reason. If you use the raw numbers in accidents you get somewhat of an inaccurate figure because accident numbers tend to fluctuate with volume.

If you really want to compare these numbers accurately over time you need to use accident rate, which is the normalized figure. And what you see there is that while the raw number of accidents went down 21 percent last year, the accident rate went down 20 percent. So it actually is not quite as good as it looks on raw numbers.

Over the long haul, accident rate is down in the last 3 years by 32 percent, accident numbers by 31 percent. For the sake of context and completeness I put them both up there, and I think that is a very much on-point question.

Now as to the next year, what do we intend to do? We have requested about a 5-percent increase in program levels in our safety program, and that will enable us to maintain at least the level of onsite inspections that we had in the last year. I think we can increase it.

SAFETY ASSESSMENTS

We are also going to do full safety assessments of three railroads: Conrail, and that will begin this month, the Soo-Milwaukee, and New Jersey Transit. We share the feelings of the chairman that it is time to look at Jersey Transit. Although you and I have not necessarily consulted on this, I think we have come to the same conclusion. I am happy to associate myself with your recommendations and advice on it and we will work very closely with you throughout the course of that assessment. They are the largest commuter carrier in the country that we have not assessed in the 3 years that we have had authority over commuters.

REGULATORY ACTIONS

Our regulatory agenda is fourfold. First, we will conclude the communications rulemaking that is now in progress. That is first in order of priority and timing.

Second, on the completion of that we will institute a formal proceeding on locomotive cab safety.

Third—and I think this is one of the three big safety issues in the railroad industry—we are doing a 10-month analysis of dispatching practices across the country in the railroad industry, and I have my most senior inspectors assigned to putting that together. At the conclusion of the accumulation of that data base we will move into that area in a very significant way. We have given them up to 10 months to finish the study and we have asked them to try to do it sooner if they can.

Finally, I have reopened, as I said I would, the question of automatic train control in the Northeast corridor, and we will do that in lockstep with the communications inquiry.

CONRAIL PUBLIC OFFERING

Apart from safety, three things. First, we are going to continue to manage the Conrail public offering through its conclusion, and I can tell the chairman inestimable hours have gone into managing the Conrail offering since the bill was passed last fall.

BASING FOR MX MISSILES

Second, we will be providing technical assistance to the Defense Department on the rail garrison basing proposal for the MX missiles. We will continue to be the point agency for the administration on railroad deregulation, as we successfully were a year ago.

LEGISLATIVE PROPOSALS

We will also use our time to promote two, I think, very important legislative proposals, one in support of Senator Hollings' proposal on random drug testing authority for the railroad industry and, two, the one that I think is most important is our safety reauthorization proposal, which contains three elements that I think are critical to continuing this improvement over the long run in safety.

First, it will give the agency the same enforcement power over individuals that we have over companies and institutions. Second, our proposal will quadruple the fine levels that we can levy against an individual company for a violation of the Safety Act. Finally, it would give the Administrator discretionary authority to assess a single $25,000 punitive assessment for grossly negligent or repeated violations of the Railroad Safety Act. I am pleased to report, Mr. Chairman, that our safety proposal is being strenuously opposed by both industry and labor, and I cannot think of a better commendation that I can offer this committee. I am one of the few administrators who did not come from either industry or labor. I think our basic constituency is the public, and that proposal will serve them well.

INTRODUCTION OF FRA WITNESSES

I thank you very much. I have concluded my formal statement, but let me add one thing. When the numbers are good, administrators get more credit than they deserve, and when they are not it is too easy to pass the blame to whoever is next in line. In truth, what has been accomplished at FRA is a result of some very hard work by about 660 people whom you never see, but a few of the better ones are here with me today, and I want to give them some credit and introduce them.

To my left, Mark Lindsey. Mark is our acting chief counsel. Mark is a career federal employee. No one has ever held that position before, but when the position opened we felt he was the best man for the job and moved him into it.

To my far left, Arrigo Mongini, who runs our Passenger and Freight Services Office, which involves Amtrak. To my right, Joe Walsh, a former senior officer of the Signalmen's Union, who runs our safety program. And to the far right, figuratively though not literally, is Bill Ballerini, who runs our budget office.

I very much appreciate the opportunity to come before you this morning, Mr. Chairman.

[The statement follows:]

STATEMENT OF JOHN H. RILEY

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to appear before you today to present the FY 1988 budget request for the Federal Railroad Administration (FRA).

FRA's request for $62,540,000 in program level and 654 permanent positions is based on the President's budget now before you and continues to focus Federal resources on our rail safety programs and responsibilities. Our mission also requires us to promote an efficient and competitive rail transportation system, assist the railroad industry in developing new technologies, assess the impacts of proposed regulatory changes on the transportation industry, and monitor the financial condition of individual railroads and the industry as a whole. During the past year, FRA has been very successful in accomplishing these goals and objectives. Before presenting our specific budget request, I want to share with the Subcommittee some of our recent achievements and future plans.

RAILROAD SAFETY

In response to the tragic Amtrak-Conrail accident on January 4, 1987, near Chase, Maryland, FRA is considering a range of possible measures to improve rail safety performance. These include initiatives in such areas as licensing of railroad engineers, improved signaling and communications systems, development of tamper-proof safety appliances, and automatic train control for freight locomotives operating on the Northeast Corridor. Until the National Transportation Safety Board issues its final accident report and FRA completes our own safety inquiries, some specific program initiatives cannot yet be determined.

As you are aware, Mr. Chairman, President Reagan transmitted

the FY 1988 budget proposal to Congress on January 5, the day after the Amtrak-Conrail accident. FRA's budget request, therefore, does not reflect the resources that may be needed to implement further safety program initiatives. In fact, the Secretary has already discussed with the Office of Management and Budget (OMB), and OMB approved, restoration of the State Safety Grant program in FY 1987 and FY 1988 for $1.35 million in each year.

The Federal Government has only limited resources to devote to railroad safety. The Federal program, furthermore, is designed to supplement, not substitute for, the railroad industry's own extensive safety investments. FRA's regulatory decisions have an enormous impact on where these public and private resources are to be allocated. Our burden is to provide the industry with real world guidance on the most beneficial and cost-effective safety priorities.

Last year, it was our judgment that we had to address the alcohol and drug issue and the regulatory barriers that prevented the use of safer technologies, such as telemetry devices at the rear end of trains. In January, I chaired three days of hearings on the present and future state of communications in the railroad industry. These hearings were part of our safety investigation in the use of radios in train operations, yard and terminal operations, automatic communications, and emergency response situations. While we have no specific rule-making in mind, we want to further understand the costs and benefits of new capabilities in railroad communications and to ensure that our regulations do not inhibit favorable developments in the industry.

Overall, the railroad industry's safety performance in recent years has been remarkable. Preliminary figures for 1986

indicate that reportable accidents declined an additional 21 percent below the record low reported in 1985. Track related accidents declined 25 percent, equipment accidents fell nearly 23 percent, and grade crossing accidents declined by almost 8 percent. Human factor accidents and employee workplace injuries declined by about 19 percent and 25 percent, respectively, perhaps demonstrating positive impacts of the recent alcohol and drug regulations.

The 1986 safety accomplishments represent the continuation of a trend that began with the partial deregulation of the railroad industry through the Staggers Rail Act of 1980. This legislation enabled the railroads to seek positive cash flows to provide more efficient and safer services. The industry's capital investment in roadbeds, structures and other improvements has more than tripled in the past seven years. As a result, the accident rate declined more than 60 percent over the same period.

In light of these facts and circumstances, I think we should not pursue a lot of different recommendations that might improve safety but bankrupt an important transportation industry. Rather, we should distinguish between what can be done and what must be done to chart sound safety policy for the future.

SAFETY LEGISLATION

Last month, the Department proposed legislation to reauthorize and strengthen FRA's safety programs. Our bill, the Rail Safety Reauthorization Act, would authorize user fees to be assessed on the railroad industry for funding the entire costs of FRA's safety program by FY 1990. FRA's safety program provides significant benefits to the rail industry by ensuring that every railroad meets the same standards. Consistent with other Federal

transportation programs, the railroad user fees would assure that those who benefit from the safety program will share in its costs of operations.

Other proposed amendments would significantly enhance FRA's regulatory enforcement authority in several critical areas of railroad safety. Under the present law, FRA lacks clear authority to act directly against individual railroad employees who violate Federal safety standards. The ability to fine or suspend railroad personnel would serve as a powerful deterrent to employee misconduct that results in human factor accidents. Our legislation will close this legal loophole.

We also propose to increase the maximum civil penalties for safety violations, to clarify safety responsibility over the new, high-speed rail systems, and to repeal certain safety statutes that have been out-dated by modern technologies and operations.

CONRAIL

FRA has experienced another year of intense activity in our efforts to sell Conrail. In accordance with the Conrail Privatization Act of 1986, FRA participated in the selection of the six firms to co-manage the forthcoming sale of the Federal Government's interest in Conrail. The six investment firms are Goldman, Sachs & Co., coordinator; Merrill Lynch Capital Markets; Sherson Lehman Brothers; Morgan Stanley & Co.; Salomon Brothers; and the First Boston Corporation.

As recently reported, Conrail filed its registration statement with the Securities and Exchange Commission (SEC). Conrail's prospectus estimates that about $1.4 billion could be raised in the public offering of 58.75 million shares of stock held by the Department. In addition, Conrail has paid $200

million to the Treasury and has agreed to another payment of $100 million. SEC regulations do not permit me to say more about the stock offering.

AMTRAK

Since 1970, the Federal Government has provided capital and operating assistance to sustain Amtrak operations. Over the past few years, we have searched for a strategy for eliminating the gap between Amtrak's operating revenues and expenses, as well as for alternative financing of Amtrak's growing capital investment needs. Although significant improvements in Amtrak's operating efficiency have resulted, Amtrak will continue to require an annual subsidy of about $600 million over the next five years without any further reductions in costs, which are possible, or increases in marketing activity, which is needed. This economic reality has led the Department to recommend no funding for Amtrak.

During the next several months, we intend to study approaches and develop proposals for maintaining intercity rail passenger service where economically feasible, without continued Federal involvement in Amtrak subsidies.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

On September 30, 1985, FRA transferred responsibility to Amtrak for completing the remaining right-of-way improvements under the Northeast Corridor Improvement Project (NECIP). FRA retained the management of station, bridge, and other rehabilitation projects under cooperative agreements with State and local governments. During FY 1986, Amtrak began restoring the rail line between Philadelphia and Atlantic City, with

passenger service expected to be inaugurated next fiscal year. The new NEC signals, including the Centralized Electrification and Traffic Control (CETC) system, should be installed and operating in FY 1988.

Last year, we saw dedications of the Ivy City Equipment Maintenance Facility in Washington, D.C.; a new station in Providence, Rhode Island; and new parking facilities in Wilmington, Delaware, and New Carrolton, Maryland. Parking garages should open in Stamford and New Haven, Connecticut, in the next several months. Non-construction work will focus on the options and implications of diverting additional freight traffic off the NEC tracks and the continued close-out of completed contracts and cooperative agreements.

During FY 1988, we anticipate the openings of the Stamford and Boston South Stations, the last of the thirteen stations rehabilitated under the NECIP program. The moveable bridge projects in Connecticut should be completed and train service improved as current speed restrictions are removed.

RAILROAD DEREGULATION

During the past year, FRA was an active participant in the continuing public debate over the implementation and future of the Staggers Rail Act of 1980. Our Interstate Commerce Commission filings addressed such issues as standards for revenue adequacy, deregulation of car hire rates, and rate guidelines for commodities other than coal. FRA also filed comments with the Railroad Accounting Principles Board on cost and accounting standards.

We are currently engaged in assessing the changes in shipper options, service, traffic mix, and railroad revenues and expenses

that has occurred since the Staggers Act. Our future work will encompass such additional topics as the role of contract rates, effects of tax changes on the industry's cash position, and competitive impacts of double-stack container trains and other technological changes. In the coming year, priority will again be placed on scrutinizing legislative proposals for amending the Staggers Act and on preserving the foundations of the deregulated railroad industry that has brought such impressive improvements in railroad safety, service and productivity.

RAILROAD RESTRUCTURING

For the first time in many years, FRA was not involved in a major railroad bankruptcy proceeding. Railroad restructuring continues, however, through more healthy means such as mergers and the development of intermodal transportation companies. During the past year, FRA supported the Department's participation before the Interstate Commerce Commission regarding the Santa Fe/Southern Pacific merger and the CSX acquisition of Sea-Land corporation. We are currently reviewing the proposed merger of the Union Pacific and the Missouri-Kansas-Texas railroad and the proposed Union Pacific acquisition of Overnight express, a trucking company.

One of the most exciting developments in railroad restructuring is the unprecedented growth of regional and shortline railroads. As Class I railroads have been driven from light density lines, smaller railroads have often sprung up to preserve shipping services. FRA believes that this evolution is beneficial to the railroads involved, the communities and shippers they serve, and the rail workers to whom they offer continuing employment. Over the next year, FRA will identify any remaining barriers that could artifically inhibit the formation of new railroads.

Our FY 1988 budget request reflects the successful development of new regional and shortline operations. We are proposing to terminate the Local Rail Service Assistance program, which was originally established to help State and local governments in addressing local transportation problems caused by major rail carrier abandonments. These problems are now being solved through the formation of privately funded shortline railroads and independently funded State programs.

SALE OF LOAN PORTFOLIO

In light of the improved financial health of the railroad industry, Federal loans to the private freight rail companies are no longer needed. FRA proposes, therefore, that most unobligated funds in the Redeemable Preference Shares program, which is scheduled to expire on September 30, 1988, be transferred to offset other FY 1987 and FY 1988 requirements.

The Reagan Administration will expand its current pilot program to include the sale of FRA's section 505 loan portfolio to private sector investors. Our FY 1988 budget request includes estimated receipts of $206 million from this initiative. The portfolio sale would exclude loans made to railroads involved in merger cases, as these are being negotiated separately.

Mr. Chairman, I will now summarize FRA's budget request by each appropriation.

OFFICE OF THE ADMINISTRATOR

The FY 1988 request for the Office of the Administrator appropriation is $19,467,000 in total program level, consisting of $3,467,000 in budget authority and $16,000,000 in unobligated balances from other FRA accounts. We are proposing that $6,000,000 be transferred from the Redeemable Preference Shares

account, since this program authority is scheduled to expire at the end of FY 1988, and $10,000,000 be transferred from the Local Rail Service Assistance account, as this program has been reduced due to increased State and local government support for rail operations in recent years.

The "Salaries and Expenses" request is for $13,207,000 to support 195 permanent positions, a reduction of 9 positions from the FY 1987 level. The staffing reductions are associated with diminished program activities and will be accomplished through anticipated attrition of current personnel.

The "Contract Support" request for $860,000 will enable FRA to maintain and enhance our data acquisition and analysis capabilities. These information resources and systems are needed for the timely monitoring of railroad industry traffic, preparing economic analyses and financial forecasts, and conducting special merger and regulatory analyses.

For the "Washington Union Station," we are requesting $3,500,000 for lease payments to the owners of the facility. During FY 1988, revenues generated from the parking garage are expected to cover the operating, maintenance, and security expenses of the redevelopment project.

Under the Alaska Railroad transfer agreement, FRA retained long-term liability for certain benefits of the former Federal government employees. The FY 1988 budget requests $1,900,000 in worker's compensation and unemployment benefit payments.

RAILROAD SAFETY

The FY 1988 budget requests that the Railroad Safety and Research and Development appropriations be combined in a single

account since FRA will continue to support only safety-related research and development activities. The combined request is for $40,649,000 in total program level, consisting of $9,299,000 in budget authority and $31,350,000 transferred from unobligated balances in the Redeemable Preference Shares account. The program level is $2,295,000 more than FY 1987 and reflects enhanced resources for our safety regulation and enforcement activities. The total staffing request for 459 permanent positions is one more than our FY 1987 level.

The "Federal Enforcement" request is for $24,083,000 and 379 field personnel positions, including 325 rail safety inspectors. We are requesting an increase of $1,413,000 due to additional pay, retirement, travel, rent and other overhead expenses.

The "Grants-In-Aid for Railroad Safety" request for $1,350,000 will continue assistance for the State participation program, which partially supports 104 State safety inspectors. In addition, we have restored the FY 1987 funding for this worthwhile program.

The "Research and Development" request for $9,923,000 and 15 headquarters positions will enable FRA to continue support of safety rulemaking activities. Our program will continue to focus on anticipated safety problems in new railroad operations, evolving technologies, and potentially catastrophic accidents in such areas as nuclear waste and hazardous materials shipments.

RAILROAD REHABILITATION AND IMPROVEMENT FINANCING FUNDS

For FY 1988, FRA is requesting a decrease of $6,500,000 in budget authority for the "Redeemable Preference Shares" program, which is scheduled to expire on September 30, 1988. We are proposing that most of the unobligated balances be transferred to other accounts. Of the $38,559,000 that would be carried forward into FY 1988, $36,000,000 would be transferred to partially offset FRA's appropriations for the Office of the Administrator and the Railroad Safety accounts. The Administration is considering other possible transfers of the remaining $2,559,000 balance, which would otherwise lapse with the expiration of the program.

The Federal Financing Bank (FFB) disburses direct loans against FRA's guaranteed loan commitments made to private railroads. In FY 1988, we estimate that $1,000,000 will be disbursed to Section 511 loan recipients.

Mr. Chairman, this completes my prepared statement. I will be happy to answer any questions the Committee may have.

RESEARCH AND DEVELOPMENT

Senator LAUTENBERG. Thank you, Mr. Riley. Welcome again to you and your colleagues.

We liked what you had to say about your review of New Jersey Transit and look forward to your getting to that task and hearing of the results from your investigation.

Mr. RILEY. We will coordinate that closely with your office.

Senator LAUTENBERG. Mr. Riley, I want to ask a few things about the research and development side of things. As you illustrate here, accidents in the rail industry are decreasing but you have presented that human factors are involved. However, as you presented your testimony here, human factors make up a considerable proportion of the reasons for accidents. I guess it is about 25 or 30 percent.

Mr. RILEY. About 31 percent now, and it is up from about 25 percent, and about two-thirds of all the serious ones, which is what is really the eye-opener on it.

Senator LAUTENBERG. Well, given this background, why doesn't the FRA use some of its R&D funding for review of the human factor involvement and make recommendations to deal with that?

Mr. RILEY. This issue came up in the House a week ago, and I think that the human factor accident is the area that we have to move into. We do not understand it well. I do not think that the people we have in-house are necessarily capable of defining it for us. I do believe that what we need to do—and we have the discretionary funding in our safety program, incidently; we do not need to draw R&D money out to do this—is some consulting on the human factor incidents.

DISPATCHING PROGRAM REVIEW

I think the first area that I would like to go into is dispatching, and what is at the heart of the dispatching effort that we have commenced. What I have asked the 10 inspectors to do is to analyze how dispatching is conducted across the country, to do stress interviews, to analyze work loads, operating practices, to give us that data base. And it is our intention, Mr. Chairman, understanding the issue well enough to define it, to bring in some outside experts to take a look at issues like stress on the job that bear on human factors.

And I have agreed with the recommendation of the engineers that the National Institute on Occupational Health and Safety should look at the stress factors that bear on engineering. And that is the area that we will be moving into.

Senator LAUTENBERG. The dispatching program review I think would probably be of interest to Mr. Claytor when we talk to him a bit, though I think it is more of a concern to the freight industry than it is to the passenger industry, because so often those crews are picked up from remote places and the industry does argue that it is very hard to have a face-to-face review of the crew condition or response when they are brought on at some remote location.

HUMAN FACTORS RESEARCH

Mr. Riley, in looking at that R&D request all of the 1988 program is given to hardware research. Do you feel that you are able to cover enough of the human factors side to really deal with that if you do not include it in the R&D budget?

Mr. RILEY. Two answers to that, Mr. Chairman. Some of the hardware research we are doing relates very directly to human factors. We have become convinced that alerting devices, as they are now installed in locomotives, are basically ineffective because the engineers do not like them and they simply disable them. And we have invested dollars now to attempt to develop a passive alerter device that will be more cognizant of the human needs of an engineer, that will not force him to touch a device or touch a pedal every 45 seconds, and that will in fact use microprocessors to do scanning on the engineer to determine his state of fitness.

I think that is something that not only is doable but doable in short order. Now, above and beyond that, the kind of things that we do in research and development, the kind of areas where we can research a solution to a defined problem are basically in the hardware state today. And the reason for that is that we do not understand all of the factors on human factor accidents well enough. I think that what we are going to need to do on that—and we do have the flexibility within our budget to do it—is to get some outside consultants into the agency to help us define the issues.

And if in fact that definition of issues indicates that the type of things we develop in R&D can address the problems, we will do that. It may be, though, Mr. Chairman, that the problems of human factor accidents have to be addressed through operating changes more than through hardware developments. That is my inclination.

We are right at the cutting edge of this thing. It is very interesting. When I raised this issue 3 years ago, when I first came up before the predecessor to this committee, somebody said that it was the first time they had heard human factors raised, and asked, was that just an excuse for hardware failures? It is interesting. Three years later, I think we are all much more aware. I am more aware than I was 2 years ago of the magnitude of that problem.

The fact is that we do not understand it well, and that we need to go out and get people who have the expertise to study it.

Senator LAUTENBERG. Ideally the less we rely on the human factor, the better off we are.

Mr. RILEY. I think that is right.

Senator LAUTENBERG. ATCS, and whatever else we can introduce. This is not to suggest that the personnel operating these trains do not have the capacity to do the job correctly. But in the airlines business, we try as much as possible to make it automated or mechanical.

ATCS PROGRAM

Mr. RILEY. Senator, I might add something here that you would find of interest—actually two things. We have found in our accident investigations over the last 2 or 3 years that where we find human error on an engineer's part it never correlates to lack of understanding of the job or training. It is often a more experienced engineer who makes the mistake.

Now what the industry, FRA, and the Canadian railroads have been working on for about 7 years is a program called ATCS. And let me offer you while I am here, and Senator D'Amato, a briefing on ATCS.

What it does is this. ATCS uses in-track transponders, microprocessors and computer software to, in effect, preprogram an operating program for a railroad train. The engineer is still in control of the train, but he cannot violate the parameters of that program. He can in an emergency shut it off, but that is immediately communicated back to a central dispatcher so he knows it has in fact been shut off.

The advantage of this system over the kind of systems we have today is that it is not reactive. You do not have to run through the signal before you trigger the response. What it does is set parameters of train operation and keep the train within those parameters. It is also a fairly inexpensive system. The transponders cost about $8,000 a mile, compared to the $240,000 a mile for existing systems.

And it is not a Buck Rogers technology. The elements of it are being tested today out in the West, and the first full ATCS system will be in place by the end of 1988. What you are talking about is exactly what we are moving toward, to make the human being the fail-safe for equipment rather than the reverse.

LONG-RANGE R&D PLANS

Senator LAUTENBERG. Mr. Riley, is there a long-range plan, 5 years, let us say, for research efforts? So much research takes place over a period of years. You cannot work on the research side within a 12-month cycle. Does FRA have a long-range or 5-year plan for its R&D?

Mr. RILEY. In preparing our annual budget requests we do hard planning 3 years ahead and conceptual planning 5 years ahead. The fourth and the fifth year are not hard numbers, but we do plan our efforts, hard-number efforts, 3 years ahead. Remember that we operate internally off a 5-year budget cycle, but I would be hard put to tell the committee that those fourth and fifth years have any real meaning.

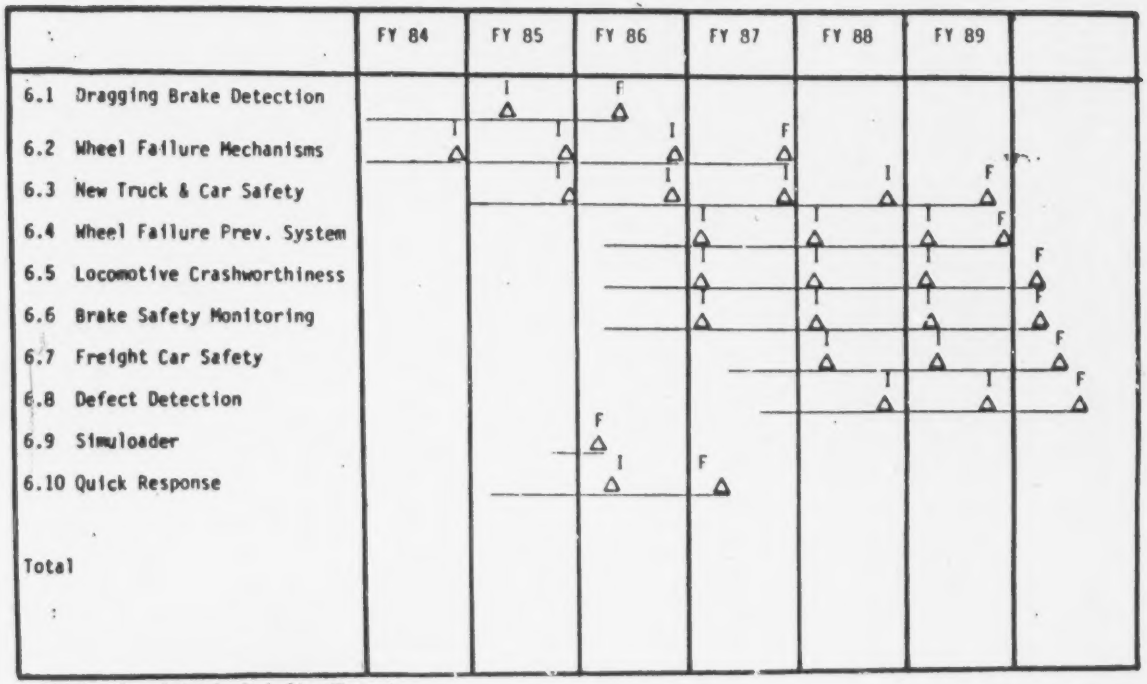
Senator LAUTENBERG. Could you for the record supply your 3-year plan?

Mr. RILEY. Yes; and let me also indicate that I will supply some of the documents we prepared 3 years which show you the directions that we are heading in today and how the programs evolved.

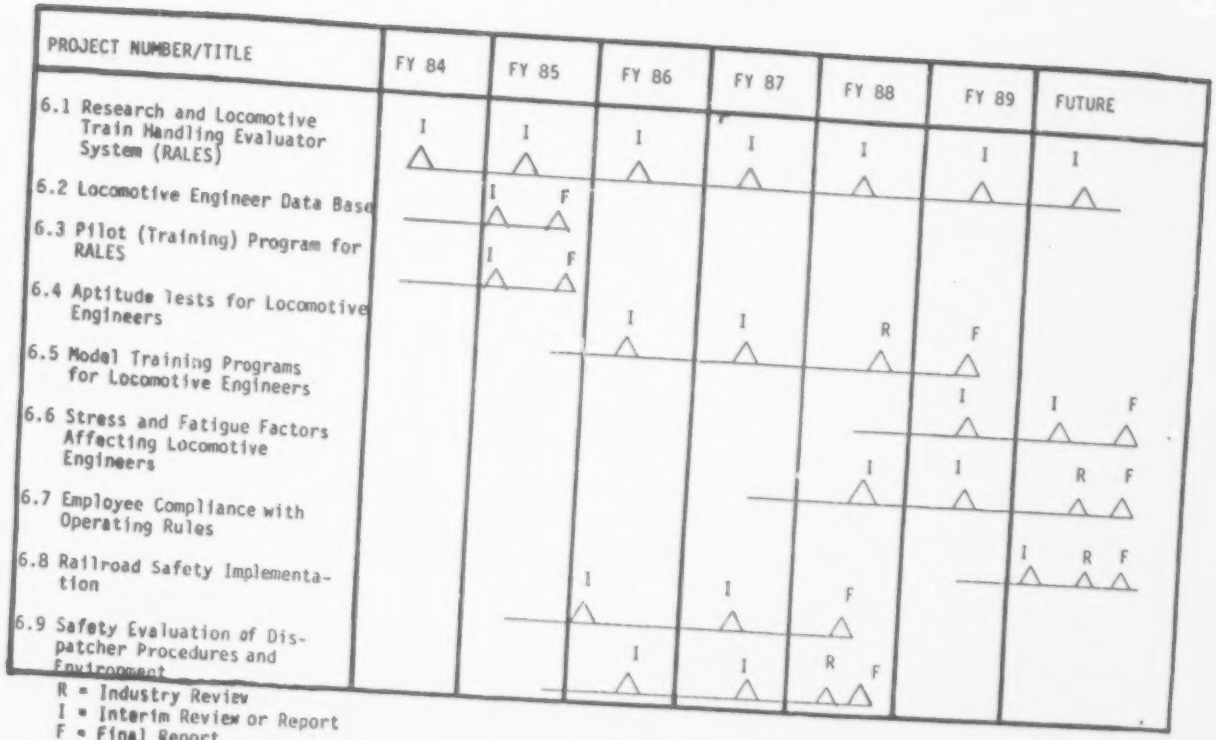
[The information follows:]

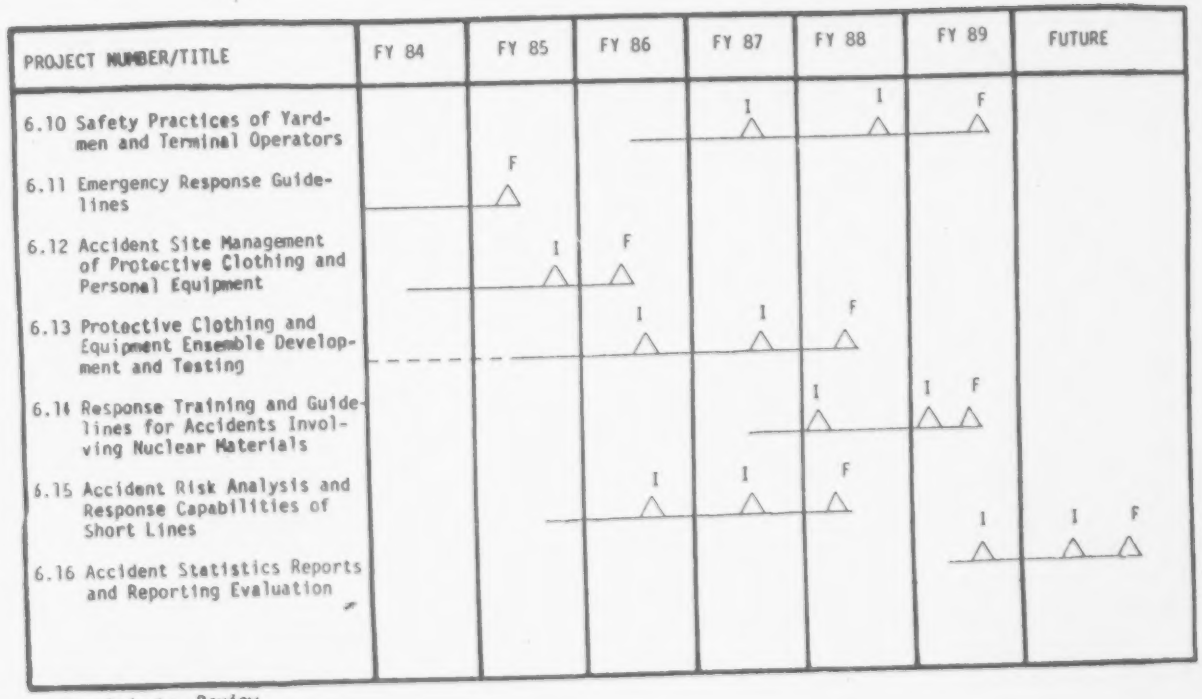
Major Milestone Charts—5-Year Plan

Equipment and Components



Legend:. I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop


PROJECT NUMBER/TITLE
FY 84
FY 85
FY 86
FY 87
FY 88
FY 89
FUTURE
6.1 Research and Locomotive Train Handling Evaluator System (RALES)
6.2 Locomotive Engineer Data Base
6.3 Pilot (Training) Program for RALES
6.4 Aptitude Tests for Locomotive Engineers
6.5 Model Training Programs for Locomotive Engineers
6.6 Stress and Fatigue Factors Affecting Locomotive Engineers
6.7 Employee Compliance with Operating Rules
6.8 Railroad Safety Implementation
6.9 Safety Evaluation of Dispatcher Procedures and Environment
R = Industry Review
I = Interim Review or Report
F = Final Report
$ = Planned FRA Funding in Thousands (Prior to FY 1984)


PROJECT NUMBER/TITLE
FY 84
FY 85
FY 86
FY 87
FY 88
FY 89
FUTURE
6.10 Safety Practices of Yardmen and Terminal Operators
6.11 Emergency Response Guidelines
6.12 Accident Site Management of Protective Clothing and Personal Equipment
6.13 Protective Clothing and Equipment Ensemble Development and Testing
6.14 Response Training and Guidelines for Accidents Involving Nuclear Materials
6.15 Accident Risk Analysis and Response Capabilities of Short Lines
6.16 Accident Statistics Reports and Reporting Evaluation
I
F

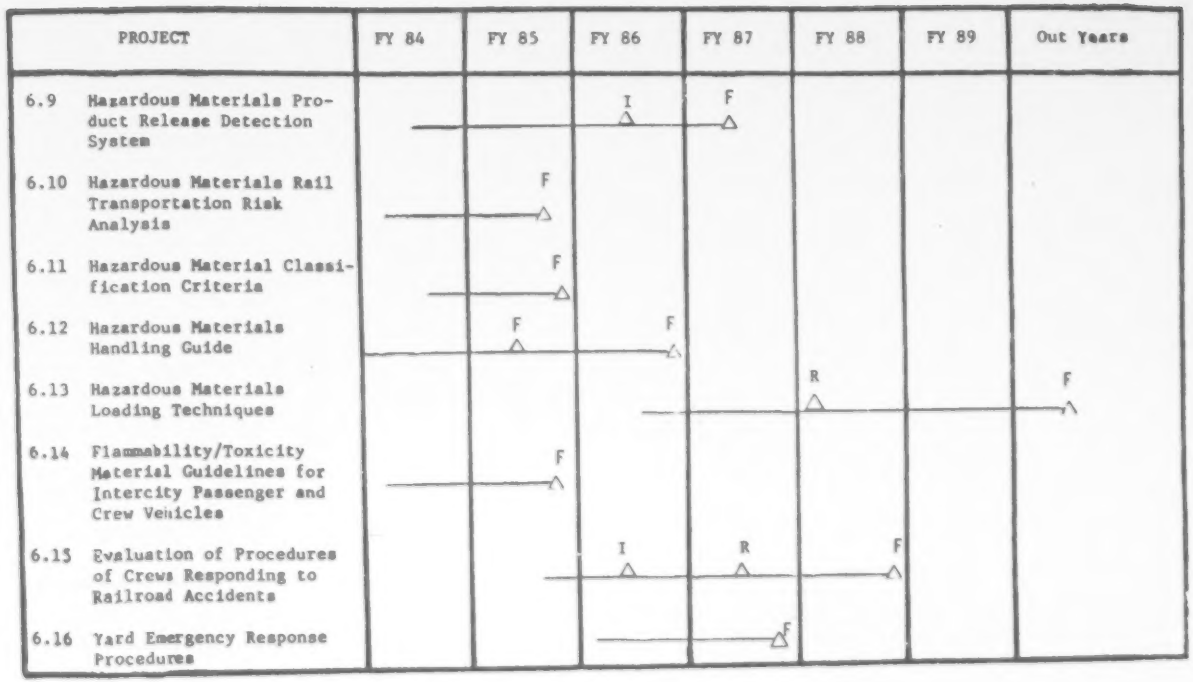
R = Industry Review
I = Interim Review or Report
F = Final Report
$ = Planned FRA Funding in Thousands (Prior to 1984)

HAZARDOUS MATERIALS

PROJECT	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	Out Years
6.1 Analysis of Fire on Non-Pressure Cars		I	I		F		
6.2 Tank Car Puncture Resistance Tests			I		F		
6.3 Tank Car Accident Investigations	I	I				F	
6.4 NDE of Damaged Tank Car Structural Integrity			I	F			
6.5 Dynamic Response Intermodal and Jumbo Tank Cars		I		F			
6.6 Tank Car Critical Speed Investigation					I	F	
6.7 Tank Car Design Improvements					I		F
6.8 Investigation of Rail Transportation of Spent Nuclear Fuel Casks		I	I	R,F			

LEGEND:
I = Interim Briefing/Report
F = Final Briefing/Report
R = Industry Review
W = Industry Workshop

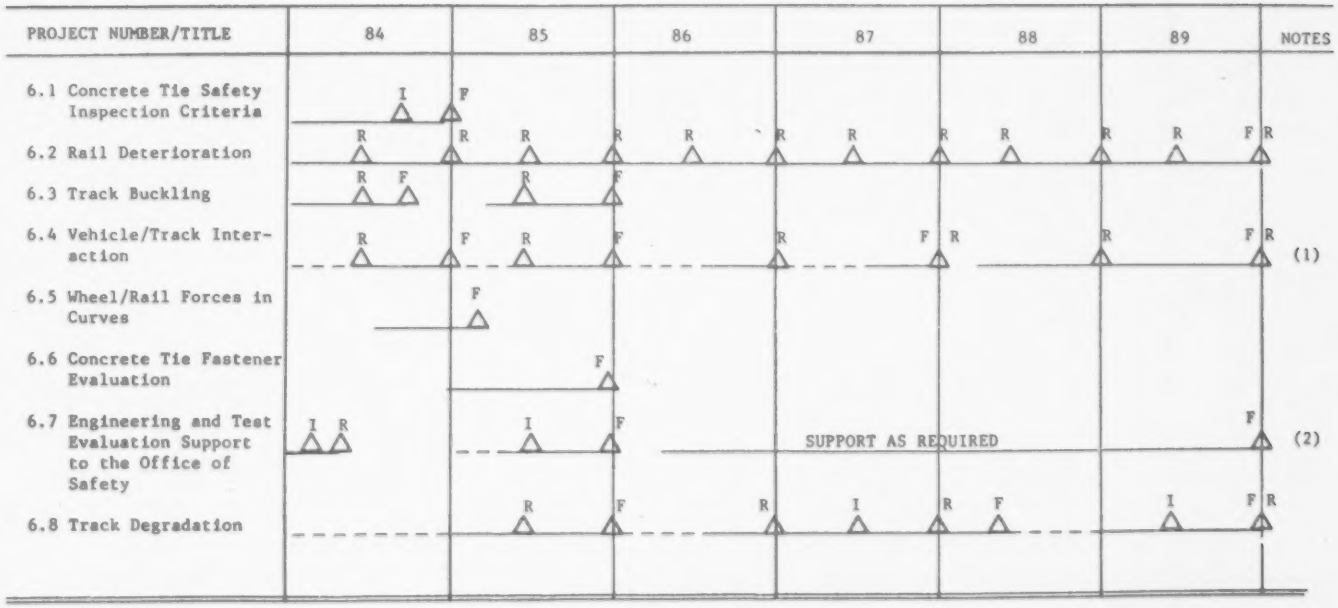
HAZARDOUS MATERIALS—CONTINUED



HAZARDOUS MATERIALS—CONTINUED

PROJECT	FY 84	FY 85	FY 86	FY 87	FY 88	FY 89	Out Years
6.17 Innovative Techniques for Handling Hazardous Materials as Accident Sites					I △		F △
6.18 Interactive Emergency Response Management System					I △		F △

TRACK AND COMPONENTS



NOTES:

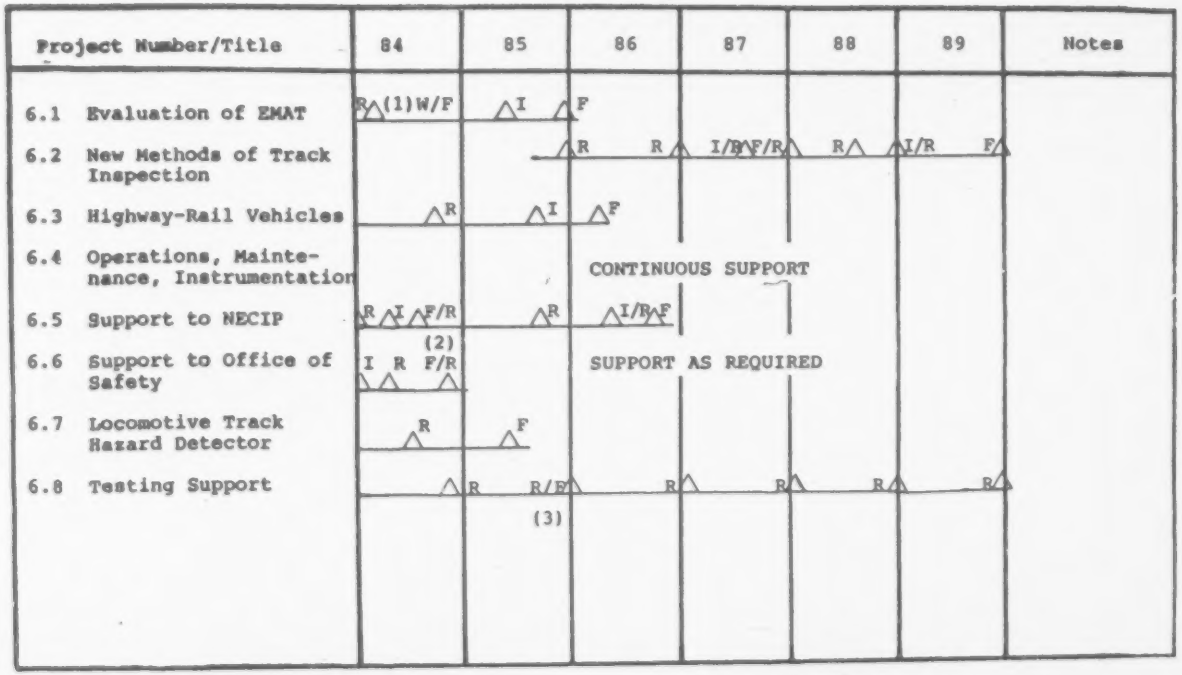
(1) Testing Complete FY 87; Analytical Integration through FY 89.

(2) Specific Tasks identified; Future work as defined

Major Milestone Chart

This chart shows only period of performance; an appropriate procurement cycle must procede actual project timelines.

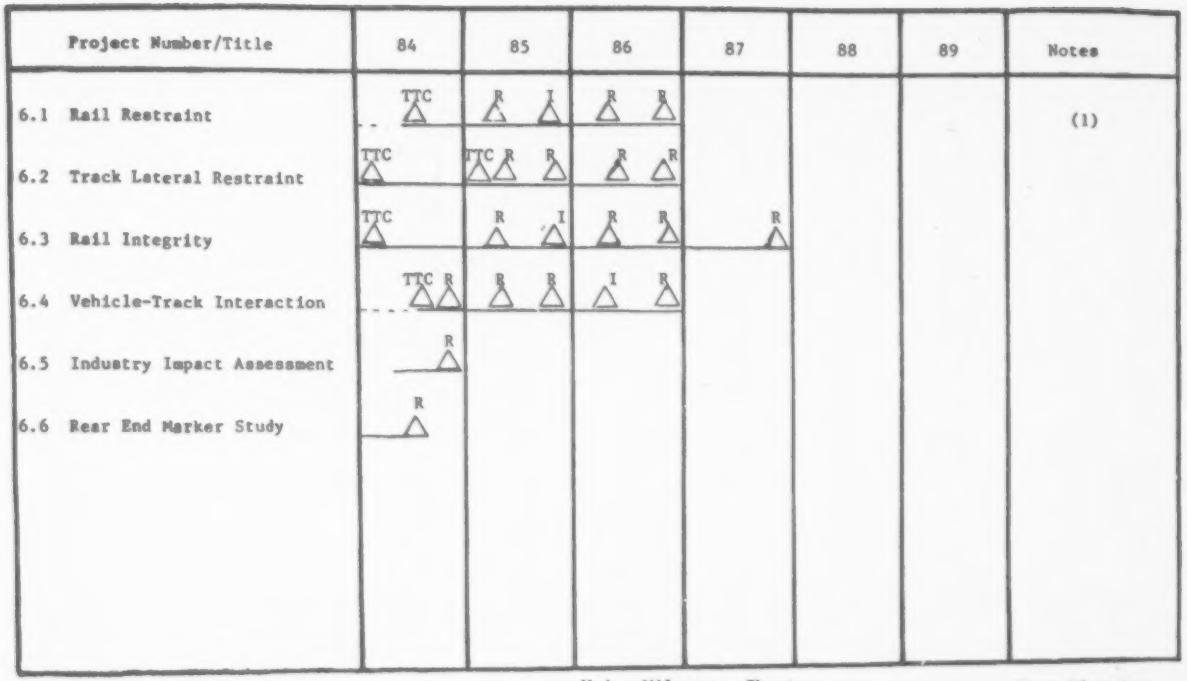
- - - Test Planning
I - Interim Briefing/Report
F - Final Briefing/Report
R - Industry Review
W - Industry Workshop



Notes: (1) Completion of Present Phase
(2) Ride Quality Assessment
(3) EMAT Application at FAST

--- Test Planning
I Interim Briefing/Report
F Final Briefing/Report
R Industry Review
W Industry Workshop

Major Milestone Chart - This chart shows only period of performance; an appropriate procurement cycle must precede actual project timelines.



Major Milestone Chart

This chart shows only period of performance; an appropriate procurement cycle must precede actual project timelines.

--- Test Planning
I Interim Briening/Report
F Final Briefing/Repor.
R Industry Review
W Industry Workshop

NOTES:

(1) Test activities at the Transportation Test Center which are part of the Track & Components PMMP.

RAIL CROSSING ACCIDENTS

Senator LAUTENBERG. About 400 people a year die because of trespassing in the track areas; 500 are killed in highway rail crossing accidents. These deaths account for approximately 90 percent of total rail accident deaths. Why doesn't the FRA request funding for research to study these situations and look for ways of preventing them?

Mr. RILEY. Let me take them separately. We have had a very extensive and expensive program. In fact, last year we held 2 days of public hearings on the open question of what can all agencies, public and private, do with their resources to promote a reduction in grade crossing accidents. We have developed a corridor, low-cost options approach which was published in a report last year to assist states in prioritizing their dollars. That was done with safety and research and development money.

We have conducted three in-the-field research projects on corridor improvements where a specific rail corridor and all the crossings on it were reexamined and reassessed, and we determined how to make moderate-cost improvements that would make those grade crossings safer. And what you are targeting here are the cross-buck crossings, the ones where volumes are low enough that there will probably never be automated safety devices.

We did a rather extensive analysis of over 21,000 cases to check the reliability of the devices themselves and of the industry's maintenance practices on those devices. In addition to that we are now negotiating what will be a $200,000 research and development grant to Operation Lifesaver to carry on precisely this type of research. We have been very, very active on the highway-rail side.

TRESPASSER ACCIDENTS

On the trespasser side, that is a major frustration, Mr. Chairman. I have to tell the committee that I do not know how to get at the trespasser problem. In fact the number of trespasser fatalities went up last year and went up rather sharply, and we are convinced that the factor in that was weather, since the trespasser problem tends to be regional. It tends to be more serious in the South and in some areas of the Northeast, and it fluctuates in direct proportion to the length of the summer, the rainy seasons and the heat.

The prototype trespasser fatality is literally somebody fishing off a bridge. Where we have experimented with fencing, it gets cut right through. I do not pretend, Mr. Chairman, to have a solution to the trespasser problem.

Senator LAUTENBERG. Maybe you need more research.

Mr. RILEY. Possibly. You know, I am open to that suggestion, Mr. Chairman, believe me. We have the flexibility in our budget to do that. I have some difficulty in pinpointing precisely what it is that we would research, but I am certainly not inimical to that approach and we do have the budget flexibility to do it. It is a major frustration because we do not know the answer.

Senator LAUTENBERG. Well, certainly there are enough people who die that way to say that the investment to find a way to save some of those lives would be a very good one. You are not suggesting that these are typically suicidal things.

Mr. RILEY. No, no, they are not suicidal. We do know that investments made in Operation Lifesaver, at least over the short run, do have an impact on these fatalities, that when there has been an intensive educational effort in any area there is an immediate dropoff in trespasser fatalities. We do know that over time, within 18 months to 2 years, the fatality level tends to increase again.

So I would certainly agree with the chairman on that and we do have the flexibility within our budget to do that kind of research. That is part of the Operation Lifesaver program.

SAFETY AUTHORIZATION ACT

Senator LAUTENBERG. The rail safety bill, the Federal Rail Safety Authorization Act of 1987, in addition to authorizing appropriations for the fiscal years 1988 and 1989 makes substantive amendments to the Federal Rail Safety Act of 1970, especially in the area of individual accountability for accidents that violate safety laws. The maximum civil penalty is raised from $2,500 per violation to $20,000 per violation. A serious violation that creates an especially egregious safety hazard may be cause for a $25,000 penalty.

In reworking the penalty system, did FRA consider levying fines on a daily basis for each day that the violation exists rather than a per-incident basis? I think that would kind of move things along a lot quicker. What are the positives and negatives of going to that kind of a system?

Mr. RILEY. I agree with the chairman. In fact, under existing law, each day a violation continues constitutes a separate violation and our bill would not change that.

What we have really done is to conform the Railroad Safety Act to the Hazardous Material Acts. In the Hazardous Material Acts you have $10,000 fine limits, you have a $25,000 criminal fine, and you have jurisdiction over individuals.

Senator LAUTENBERG. Do you have the inspection force to administer that?

Mr. RILEY. I believe that we do, Mr. Chairman. Let me tell you what we have concluded, and the limitations on it, both up and down.

When we did the staffing study this year—and the way we did it was to take a look at traditional productivity measures and at accident and other workload measures and relate them to one another. At the point where an additional inspector produced decreasing rather than increasing increments of return, we labeled that the optimal point. The number came out 330, which is five above where we are today.

Let me say in the 330 we did a least-squares regression analysis to check the accuracy and we had a 97 percent correlation. Our findings assume no significant change in the railroad environment and that we will continue our current pace of regulatory activities. If significant

changes occur, the total number of inspectors needed may be different from our present request.

I believe that with the authority over the individual and with the deterrent factor of these higher fines and daily fines that compliance ought to increase. So I think we are right about at the optimal point.

Senator LAUTENBERG. That suggests that more effective use is certainly better than less and may account for several things. You are not the Internal Revenue Service. I mean it is not designed to collect receipts but, rather, to reduce the number of violations.

Mr. RILEY. That is correct.

CIVIL PENALTIES

Senator LAUTENBERG. I have one more thing, Mr. Riley, before I turn to my colleague. The proposed bill extends the Secretary's authority to assess civil penalties for violations to include railroad employees, those specifically covered by the hours of service. Does your bill by definition include supervisors of rank and file and the other management personnel as well?

Mr. RILEY. It is my belief that all individuals who operate within the railroad environment and all entities who run it ought to be accountable for their actions. What we have done in the bill is to create a bill that can live and breathe with need. We have begun with hours of service employees because that is the congressional definition of safety-sensitive position, but you will note that the bill also states that the Secretary has the authority, via rulemaking, to expand that class to include all safety-sensitive employees.

Now the reason we wrote the bill that way was, recognizing that this is likely to be subject to legal challenge, to begin with the most sustainable definition of safety sensitivity, the one that has always worked, the congressional definition, and to give the Secretary full capacity to reach anywhere within the industry she needs to go by a rulemaking proceeding. I have said many, many times that I believe accountability is not something that is limited to white collar or blue collar. It is something that ought to apply to everybody who deals with the public safety.

Senator LAUTENBERG. Including the head of Amtrak?

Mr. RILEY. I could make life miserable for him. I think that is really right. It is just my philosophy, and I think it is a fair one, that accountability has to extend to people as well as institutions. If you do not have the full equation, you have got a half-effective program.

PROPOSED LICENSING FOR ENGINEERS

Senator LAUTENBERG. Consistent with that, you know, I raised the question of licensing for engineers, and frankly maybe it ought to extend beyond engineers. I think Federal licensing is required. People are shocked when we talk about it. They say you mean that they do not have licenses? When a youngster 15 years old needs a license for a motorbike that he is not purportedly allowed to go in the street with, et cetera, here we have engineers and operating personnel not subject to some kind of a minimum requirement.

Would you be able to support something like that, Mr. Riley?

Mr. RILEY. Here is my view on that, Senator. The problem we have right now is that we really cannot foray into that field because, since we lack enforcement authority over the individual, we could never suspend a license, and since the action of granting one implies the ability to deny, it is a 50/50 whether we even have the authority to grant.

Having said that, if in fact we acquire the authority over individuals, I have committed myself to starting a formal safety proceeding on this, and we will take the evidence. I will give you a gut feeling, if you would like to have one, on what I see today, but subject to change—because I have changed my position very radically on a number of issues on hearing the testimony—I think that the advocacy of licensing is normally motivated by two or three factors.

First is the ability to hold an individual accountable. Pull his license, as FAA does, if you have a situation where there are past safety violations, perhaps a serious driving violation that involves alcohol; something of that nature. There is the need to acquire a data base and then there are training issues. I think that one can acquire the ability to suspend directly without going through a licensing process. I do not know if one can acquire the data base without going through a licensing process or not, and we have just got to hear the evidence on that.

And that is an important issue. As to training, we really have not found training surfacing as a problem with engineers. The mistakes that tend to be made do not relate to poor training or low skill levels. I think what I would do—and it would probably fall to my successor; I am already the longest-tenured Administrator—but what I can commit the agency to doing is to do a full proceeding on this, take all the evidence into play, and we will do whatever is necessary. If we cannot compile a data base without licensing, then we ought to do that.

On the other hand, bear in mind that FAA has 1,500 employees involved in licensing pilots, the paper issuance part of licensing. With 23,000 engineers out there, we would probably have to have at least that many employees to do licensing. And the question I want to raise is this: Can we get all of the benefits that the chairman is seeking and that I agree with him on from a licensing program without the paper issuance? Can we do it another way so that we do not create that infrastructure? If we can, we ought to do it. If we cannot, then we have to face the licensing procedure. And that is the philosophy within which we would go into the hearing.

Senator LAUTENBERG. Mr. Riley, you make such persuasive arguments so frequently. I do not think that the development of piles of paper is a very good one, however, not one of your best, certainly, and in terms of challenging the licensing proposal goes, in my view, way beyond the ability of the data base.

I think that the secondary question is whether the people who are operating these trains really know what is required more than which button to push and the mechanical functioning of the system. There is also, when you take a driver's license in most states, they ask you

whether you know the safety rules and what does the octagonal sign mean and what you are supposed to do, even though nobody does it any more.

MINIMUM STANDARDS

The fact is that there are things that you are supposed to respond to, and I believe that we could significantly upgrade the safety factor by demanding that there are certain minimum standards to which everybody must adhere. But we will talk about this more.

Mr. RILEY. Well, Mr. Chairman, let me stress I am not opposed to minimum standards at all. The issue is whether the minimum standards—in fact, that is one of the things I would like to be able to get into, and that is one of the reasons I want the authority over individuals—the issue is whether the minimum standards are enforced through a licensing process directly through us or through about two or three different ways that you can impose those standards.

I am not disagreeing with you at all. I am trying to lay out what I see as the pros and cons on it. We have been very active in training, even though we cannot get at it directly. We require all of the railroads, and they do in fact, to submit their training programs on engineers to us. We review them. We have found the railroads to be very responsive when we point out weaknesses in the programs.

We then go out and do our assessments, as we will do with Jersey Transit. We go into the classrooms and watch the instruction programs. We require the railroads to administer efficiency tests, which we can do under our authority. In addition to spot-checking those tests, we go out and audit their records since we make them keep records of those tests.

LOCOMOTIVE SIMULATOR

In addition to that, I put close to $11 million into building a locomotive simulator, state of the art. It amazed me that the railroad industry did not have locomotive simulators the way the airline industry has airplane simulators. It is in Chicago at the Illinois Institute of Technology, and we are running engineers through that simulator on a consistent basis. It is paying for itself based on the time rentals that the companies are doing.

I have been through a capsulized version of that course myself, and it is an eyeopener to go out and take that course. You learn where it is hard and you learn where it is easy. The simulator sits in a large auditorium, and, to wrap this up, it is so realistic that during one of our engineer testing programs we had an engineer who came to a point in the tape where an oil truck pulls out on the track. He threw the train into emergency and he jumped out of the simulator, breaking his leg when he hit the ground. [Laughter.]

Senator LAUTENBERG. You will have to simulate a rescue attempt as well. [Laughter.]

Senator D'Amato.

Senator D'AMATO. I think it might behoove you to try and disseminate some of that information, to members of the Transportation

Appropriations Committee with respect to the kind of training and safety work that you do. That would make it clear that there are training standards. And, of course, as you indicate, if there is a need to raise standards, you do have that ability.

I am very interested in this and I thank the chairman for helping to develop those facts. I must say to you I was unaware of the kinds of things that you just mentioned, and I would not be a bit surprised if many of my colleagues did not have that information. So somehow I think you ought to let them know or the staffs know the kinds of programs that exist.

DRUG TESTING LEGISLATION

I think it is clear that there is support in the Senate for some form of drug testing legislation, whether it be the Danforth-Hollings legislation, which the Commerce Committee will be marking up next week, or another kind which provides for random testing and which labor continues to oppose. Some form is going to pass.

Will the administration be supporting a requirement that employers provide to employees with substance abuse problems some support system, rehabilitation, some voluntary program whereby if someone has a problem with substance abuse that they can come forward and qualify for treatment and rehabilitation? I think that is going to be essential.

Mr. RILEY. Senator, I share that view very strongly. I think there are certain things that a rule can do or that a rule can detect. A rule can get a problem employee out of the workplace. In the case of a non-dependent user, it might even deter. But a rule is certainly not going to be able to create the educational peer structure that stops the practice in the first place. It cannot provide rehabilitation. And a rule does not deter the dependent user.

Now there are three ways in which this issue is being approached today. One subpart of the FRA existing rule requires that all railroads have a bypass program, that every employee has a one-time right to step forward and say I have a problem or to be the recipient of a referral from what would in effect be a union committee, as in Red Block. He then can go into treatment and his job is waiting for him with no loss of seniority when he comes back out.

We require that to be in existence on every railroad, and in fact I just went through a hearing on this on the 18th, it is now in fact in existence on all the class I's. In addition to that——

COUNSELING PROGRAM

Senator D'AMATO. Are you saying to me that there is in existence right now on all lines a program that would provide an employee an opportunity to step forward and say, "I have a problem," and be referred to some counseling program?

Mr. RILEY. That is correct.

Senator D'AMATO. Who runs the counseling program?

Mr. RILEY. There are two layers to the counseling program. Railroads themselves have employee assistance programs and the major project

we are going to have in the voluntary field this year is to study the efficacy of those employee assistance programs, and compare them one to the other, so we can try to promote uniformity around the best models. We also recognize that where treatment itself is involved, I think one of the really good things that railway labor has been able to do is to develop one of the best insurance packages of all of the labor industry groups that I have seen, and that does in fact make paid treatment available to the railroad employee.

So they do have a place to go from three perspectives. They have a federal right to step forward and say I have a problem, I need help, and confidentiality is maintained and so is their job. Second, the companies have employee assistance programs, which have been a long-time tradition for some and new discovery for others. The big railroads tend to have their own programs; the smaller railroads tend to do it on kind of a consulting basis. They will retain someone to do that for them.

And I think the next step we have to take is now to go out and assess those programs. That is our agenda on the voluntary side this year.

Finally, I think that labor has done an excellent job in creating a place for their employees to go.

Senator D'AMATO. Well, I hope that we are going to be able to deal with this in an enlightened way, but I have grave reservations and I see some very real problems coming up. There is no one who supports the drug testing program and wants to see one implemented more than this Senator. I think we have a crisis on our hands throughout the workplaces of our nation.

It is not just a problem that is isolated to the railroad systems of America. It is imperative that we not have what might be termed a witch-hunt atmosphere, but that instead, a strong motivational force to provide people with the opportunity to step forward, combined with regular testing, that will not be used to harass people, and that there be a strong program in place for rehabilitation.

I just think that is absolutely essential. Without such a strong program employees will feel paranoid. It is absolutely imperative that we have those rehabilitation programs so that people will be motivated, number one, maybe because of fear that they will be detected, to come forward. Those who want help and have not had the opportunity to step forward will also have that advantage.

But we have got to have that in place.

Mr. RILEY. Senator, I did a little bit of work before I came here with people who were recovering, chemically dependent people on the drug side, and when you deal with those people you understand very quickly how human the problem is. It is often a symptom of other problems. I mean, drugs are not the heart of it. Drugs are what people do because they have another problem.

But if you really cannot get into the soul of the person or the soul of the workplace, and if that is what is driving the problem, you are always going to be reactive. You are always going to be catching people after they have a problem, and you are never going to command their

respect, because in the end it is peer attitudes that make this unacceptable.

Senator D'AMATO. I understand that. But let me suggest to you that it is absolutely imperative that there be a program for rehabilitation and there are going to be some people motivated by the fact that they are tired of being drug-dependent, they are tired of a life of sneaking around and hiding it from others, from their family and from people in the work force. And that may be a small percentage, but you have got to have that program available.

And if you are going to have drug testing you are going to have incredible problems unless you have some rehabilitation programs available. You are not going to be able to do rail industry testing without having that meaningful program in place. It is not going to work.

Mr. RILEY. I could not agree more strongly.

OPERATION RED BLOCK

Senator D'AMATO. Well, I would like to see what we are going to do to develop those strong programs. That is my second question. What are we doing? What will you be doing?

Mr. RILEY. At the time that we began the process of developing the rule, because we viewed it as a need for a program, not a rule, we went out and took the best model we could find in the industry, which was a joint labor-management program that initiated on the Union Pacific Railroad called Operation Red Block. We have put a considerable amount of money and an enormous amount of our time, into taking that program nationwide.

Now this year we are funding an extensive consultant study on the impact of Operation Red Block, its education and rehabilitation programs, on two railroads, the UP, which always had it, and CSX, which is now acquiring it. And that is intended to do two things. It is intended to give us a base with which to sell it industrywide—we are covering about 50 percent of all employees with it now—and then, second, a base to evaluate the effectiveness of the education and rehabilitation programs on those two railroads, which we agree are the leaders of the pack.

It is just inconceivable to me that every railroad has not signed a Red Block agreement, and I will name one that has not right now. It is Conrail. Amtrak signed one 2 weeks ago and I applaud Graham Claytor for doing that, because the Red Block agreement goes beyond our rule. It goes beyond our rule in that it provides a mechanism for creating and evaluating these rehabilitation programs.

Our rule just forces them to exist, and that is why they have got to go together.

Senator D'AMATO. Should the Congress legislate Red Block?

Mr. RILEY. We come very close to doing that in the rulemaking procedure. I guess I would just have to look at the feasibility of it. I find myself hard put to be against that in principle, Mr. Chairman. I think every railroad ought to be a part of it. But Red Block in and of itself——

Senator D'AMATO. Well, if we are going to legislate the drug testing, should we not see to it that there is a necessary component or certainly one that deals with the constitutional problems and the rights of people and responsibility? We have got a responsibility. We have got a drug culture that we all helped to come about as a result of indifference, and other reasons and conditions.

Then as responsible legislators should we not also legislate that there be that program of rehabilitation?

Mr. RILEY. The basic elements of Red Block ought to be in place on every railroad, and I am hard put to tell you that they should not be legislated if they cannot be agreed to. I think what the people who run the Red Block program would tell me—and we ought to ask them that question and I will—is that there is importance in making this a voluntary, cooperative program. But I think one could construct a legislative mandate that enhances the ability to put that program in for the remaining part of the work force that does not have it today.

I want it in on every railroad.

Senator D'AMATO. Mr. Chairman, I have a number of other questions and I know that our time in the hearing is running, and I would like to submit those in writing to Mr. Riley and to also commend him at this time for an excellent job under very difficult circumstances. I think he has been outstanding not only as it relates to going forward to meet the challenges that you have aptly pointed out exist in relation to safety, but over a period of time.

I think he is exemplary in his handling of a difficult situation as it relates to the budget, and I will not attempt to press him on that, not here. But I would like to submit some questions for the record, Mr. Chairman.

Senator LAUTENBERG. Thank you. Without objection, the questions for the record will be placed and, Mr. Riley, I am sure you will respond to the Senator's request.

SAFETY DEVICE TAMPERING

I just wanted to take a couple of minutes, Mr. Riley, and then we will turn to Mr. Claytor. After the January 4 accident you testified that federal inspectors still found safety devices tampered with, including one on a New Jersey Transit train; is that correct?

Mr. RILEY. Correct.

Senator LAUTENBERG. Could you briefly describe the New Jersey Transit incident or discovery?

Mr. RILEY. I would be glad to do that, and I will submit for the record the list of the 18 that we have discovered to date. I might add, incidentally, that the 18 we have discovered to date run the gamut from whistles to alerters that use electronic devices, to automatic train control systems. They run the gamut.

[The information follows:]

VIOLATIONS FOUND JANUARY 29, 1987 TO FEBRUARY 12, 1987

Railroad	Type Violation	Explanation	Civil Penalty
DRGW ATK 244 Train No. 6 1-29-87	Alerter Denver, CO	On an inbound train the alerter was found cut-out and the seal broken. The alerter is an electronic audible alarm and light.	*General condition to be assessed $250-$2500
ATK 237 Train No. 3 1-29-87	Alerter Los Angeles, CA	In-service-alerter cutout. The circuit braker to the alerter control box and the alerter magnet valve were inoperative. The circuit breaker was in the open position and the air cock to the magnet valve was cut out. The warning device was a light and audible alarm.	*
ICG-V ATK 371 1-29-87	Cab signal failure en route Effingham, IL	Excessive speed The automatic train stop was cutout by the engineer en route and train proceeded at 90 mph. Federal regulations require that train speed may not exceed 79 mph under these circumstances.	*
UP ATK 391	Alerter and overspeed Kansas City, MO	The alerter valve located on the air brake equipment rack and the overspeed control valves were cutout. The alerter is a light and an electronic audible alarm and the warning device for the overspeed is a light and a whistle.	
UP 3334	Dead man pedal, Alexandria, LA	Various means were being used to hold the dead man pedal in a down position. These included the weight of a wrench, brake shoes, wooden and metal flag staffs. This nullifies the automatic brake application feature of this device. UP locomotives are not equipped with an alerter light or whistle. However, a penalty brake application is indicated by the venting of air.	*
UP 3632	Dead man pedal E. St. Louis, IL	Ditto	

Railroad	Type Violation	Explanation	Civil Penalty
UP MP 5042	Dead man pedal North Little Rock, AR	Ditto	*
UP 3474	Dead man pedal,	Ditto	*
	Texarkana, Ark.	Ditto	*
UP 3419	Dead man pedal Kansas City, KS	Ditto	
CR 6622 6005 6013	Cab signal audible device Selkirk, NY	The air whistle was not clearly audible throughout the cab under all operating conditions. The whistles were found to be silenced by various methods such as tape across the orifice and the whistle filled with foreign material.	*
CR 3331	Cab signal Baltimore, MD	Ditto	*
CR 5044	Cab signal Chase, MD involved in ATK accident	Ditto	*
ATK 214	Alerter Los Angeles, CA	The alerter device was cutout evidenced by observing that the circuit breaker was in the open position. When functioning the alerter provides a light and an electronic sound.	*
MKT 244	Dead man pedal, Tulsa, OK	A cast iron brake shoe was being used to hold the dead man pedal down on a locomotive being used in yard service This nullified both the air whistle alerter and automatic brake application feature of this device.	*
NJT 5144	Train control New Brunswick, NJ	The switch controlling the automatic train control was not sealed as required. If this switch is thrown it nullifies the automatic safety functions of the train control system.	*
DH 356	Cab signal ACS Baltimore, MD	The cab signal air whistle, similar to those used by Conrail, was silenced by cardboard wrapped around the whistle and held in place by a piece of wire.	*

ATK - Amtrak
CR - Conrail
DRGW - Denver and Rio Grande Western Railroad
DH - Delaware and Hudson Railroad
ICG - Illinois Central Gulf Railroad
MKT - Missouri Kansas Texas Railroad
NJT - New Jersey Transit
UP - Union Pacific Railroad

REMOVED SEAL ON ALERTING DEVICE

Mr. RILEY. Now, Joe, you have been actually involved. What was involved with New Jersey was a removed seal. Joe, perhaps you can expound on that a little bit.

Mr. WALSH. Mr. Chairman, our regulations require that that device be sealed. We found the New Jersey Transit was operating from non-equipped territory into equipped territory without sealing the device. The carrier was depending on the engineer to cut in the device and had no process for sealing the device to preclude it from being cut out without authority. We have had ongoing discussions with Mr. Dustin and some of the top officers of New Jersey Transit and I believe we have a resolution to that problem.

Senator LAUTENBERG. Does a broken seal make the instrument, the device inoperative?

Mr. RILEY. No; but what happens is when the seal is broken off you can turn it on and off at will, and you cannot trace it. And any time you find an alerting device with the seal gone on it it is open season.

Senator LAUTENBERG. What is the purpose of that device?

Mr. RILEY. Let me show you how you break the seal. I have one here. They have a different wire than the last one. We will see if I am strong enough to do this. What you do is you flip this off, and see I broke the seal. That is how you turn off the entire system.

Senator LAUTENBERG. What system? What happens when you disable that device?

Mr. RILEY. It cuts off the automatic train-stopping device. You cut off the automatic train control. I want to tell you——

RESULT OF TAMPERING

Senator LAUTENBERG. The thing that I wanted to be sure of is what was the magnitude of the consequent danger as a result, or the possible danger, let us say, as a result of tampering with this device?

Mr. RILEY. If in fact this device is disconnected and turned off, there is no effective mechanism to stop the train if the engineer should become incapacitated or fall asleep, or if he goes through a signal. What you do is you nullify any possible usage of that infrastructure that is built into the track. And when the seal is gone from the equipment, it is as easy as this, and I am not sympathetic to the argument——

Senator LAUTENBERG. This is not simply a climate control thing in the cab?

Mr. RILEY. No.

Senator LAUTENBERG. This is something that could have very serious consequences if the device is called upon to perform automatically?

Mr. RILEY. This could have fatal consequences.

Senator LAUTENBERG. OK. Does this tampering trend continue in other transit systems?

Mr. RILEY. Well, we have found 18 cases of it. Joe, did we find one in another transit system? I do not believe we did. We did not. This was the only one we found in a transit system, but I want to bear in

mind that our jurisdiction only extends to commuter trains. It does not extend to inner-city trains and we do not know what is going on there.

Senator LAUTENBERG. Among commuter trains.

Mr. RILEY. Heavy rail.

Senator LAUTENBERG. You do not see this kind of a trend of this kind of a system with people tampering with devices on a routine basis?

Mr. RILEY. We have not found it, but let me add that it is so easy to conceal tampering, because often it can be done not here, as with breaking the wire, but it can be done so easily with a block of wood or something that we are not catching the people who tamper. We are catching only the ones who tamper and are careless and leave the evidence behind.

OVERCROWDING ON COMMUTER TRAINS

Senator LAUTENBERG. Another question that arises in my state is the overcrowding on existing commuter trains, especially in the Route 1-Princeton corridor. Middlesex County, a heavily populated county in our state, has gotten so bad that it is reported that a commuter asked FRA to investigate the overcrowding of the trains. The cars are so jammed.

Is this a situation that you have interest in or jurisdiction over? Is it a subject for review?

Mr. RILEY. Senator, it is something that we certainly have interest in. It is the first time I have heard it raised, and I would be very happy to look at that. I think people are significantly less safe when they are standing than when they are sitting. Obviously you are going to have some situations where people stand because you cannot always predict demand. But if it is being done on a regular basis and you have got a car full of people who stand every day, that is something else again.

Senator LAUTENBERG. They ought to check the Long Island Railroad.

Mr. RILEY. That is what he was handing me a note on, Senator.

Senator LAUTENBERG. Thank you very much, Mr. Riley.

Mr. RILEY. We will dismiss all of our people except the Amtrak people.

Senator LAUTENBERG. You will be here, Mr. Riley.

Mr. RILEY. I will stay up here. This is my favorite part of the hearing.

SUBMITTED QUESTIONS

Senator LAUTENBERG. We have other questions which we are assured that you will respond to and which will be submitted in writing.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: Where is the FRA's interest in employee stress, alcoholism and the problems of human dynamics relating to train technology?

ANSWER: Research dealing with the subject of human dynamics is contained in the Operating Practices subprogram. A recent example was a study project to develop aptitude tests for locomotive engineer candidates. This project studied desirable employee attributes that would be useful in combating stress encountered in the interaction between equipment and operator. The current request provides for evaluation of the human element in coping with the developing advanced technology in the train dispatcher function in conjunction with the dispatcher function survey in FY 1987. The FRA believes the influence of alcohol in the work place has been adequately addressed by the existing testing and rehabilitation rulemaking approach and the industry's voluntary Operation Redblock Program.

SENATOR LAUTENBERG: Has the FRA research program ever been reviewed by the National Academy of Sciences?

ANSWER: The FRA and the Association of American Railroads (AAR) jointly sponsored an industrywide railroad research needs study in 1975. The study was conducted by the Transportation Research Board (TRB), National Academy of Sciences. In 1980, the TRB updated that study at the request of the FRA and AAR. These two studies have formed the bases for much of the long-range planning for the FRA and AAR research programs. Throughout the years, coordination has been maintained between the TRB, industry, and the FRA through informal individual staff contacts and joint participation on the various rail-related TRB committees and council. Late last year, the FRA reviewed its ongoing research efforts with senior staff members of the TRB.

SENATOR LAUTENBERG: Does the FRA research program have goals or bench marks to measure its effectiveness? If so, what are they?

ANSWER: Research by its nature, is often a long-term process. In many cases the research supplies only a part of the information that is ultimately used or implemented. In the end, the effectiveness of safety research is measured by the reduction in the rate or number of accidents, deaths, and injuries that take place over a given period of time. It is very difficult to sort out the contribution that research, regulations, enforcement, the railroad economic situation, and other factors have on these statistics. Nonetheless, where research is needed to support changes to, or development of new regulations/standards, its effectiveness can be measured in terms of its availability and quality. An example is the tank car research that was used to promulgate regulations for protection of tank cars in derailments earlier in this decade. The benefits, in terms of the reduction in the severity and consequences of tank car derailments, are ample evidence of the effectiveness of the research. In other areas, research effectiveness can be and is measured in terms of voluntary industry acceptance and implementation of research findings or by the FRA adoption of it in its enforcement or rulemaking activity.

SENATOR LAUTENBERG: Does the FRA have a 5-year plan for its research efforts? If not, why not?

ANSWER: The FRA's 5-year plan follows:

Railroad Safety Research and Development Requirements Forecast

	Fiscal Year					
	87	88	89	90	91	92
Equipment, Operations, and Hazardous Materials Safety						
New Car and Truck Evaluations	X	X	X	X	X	X
Wheel Failure Mechanisms	X	X	X	X	X	X
Wheel Inspection and Flaw Detection	X	X	X			
Roller Bearing Failure Detection	X	X	X	X	X	X
Onboard Train Control Equipment		X	X	X	X	X
Locomotive Cab Crashworthiness	X	X	X	X		
Improved Braking	X	X	X	X		
Coupler/Drawbar Evaluation		X	X	X		
High Speed Passenger Service		X	X	X	X	X
Human Factors Engineering	X	X	X	X	X	X
Grade Crossing Safety Education	X	X	X	X	X	X
Equipment Accident Trend Analysis			X		X	
Tank Car Fire and Puncture Requirements	X	X	X			
Tank Car Design Evaluation	X	X	X	X	X	X
Nuclear Product Transportation	X	X	X	X	X	
Hazardous Materials Car Dynamics	X	X	X	X	X	X
Hazardous Materials Loading/Unloading	X	X	X	X		
Emergency Response Procedures	X	X	X	X		
Track Safety						
Rail Integrity	X	X	X	X	X	X
Vehicle-Track Interaction	X	X	X	X	X	X
Track Buckling	X	X	X	X	X	
Track Inspection/Flaw Detection	X	X	X	X	X	X
Track Strength	X	X	X	X	X	
Signal and Train Control Systems	X	X	X	X	X	X
Railroad Bridge Evaluations			X	X	X	X
Turnout Evaluations	X	X	X	X	X	
Track-Train Safety Testing						
Vehicle Track Systems	X	X	X			
Track Degradation	X	X	X	X	X	X
Track Accident Trend Analysis			X		X	
FAST Test Support	X	X				

ADMINISTRATION'S RAIL SAFETY LEGISLATION

SENATOR LAUTENBERG: Section 10 of the Administration's bill would establish a system of user fees, and fully implemented would cover the full costs of administering the federal railroad safety program. What has been the industry's response to this proposal?

ANSWER: We have received no response from the industry as yet.

SENATOR LAUTENBERG: The Administration has proposed user fees for certain Coast Guard programs but these proposals have not met with great success. What makes you believe that user fees in the rail industy will be successful?

ANSWER: We believe the fees can be assessed against railroads subject to the Safety Act on a fair basis that

reflects relative usage of the railroad system, such as track miles, revenue ton-miles, passenger miles, revenues, and other relevant factors, or an appropriate combination thereof.

In making the railroad environment safer, and in making sure every railroad meets the same standards, FRA's safety program provides significant benefits to the industry. As the principal beneficiary of this program--through reduced personal injuries, property damage, and related tort claims--the railroads can reasonably be expected to pay for it.

NEW JERSEY TRANSIT

SENATOR LAUTENBERG: FRA has performed safety audits on commuter authorities like SEPTA (Southeastern Pennsylvania Transit Authority), what triggers a safety audit on a commuter authority?

ANSWER: FRA conducts three assessments per year; one of which is a commuter authority.

The decision to assess an entire railroad comes from FRA headquarters. In determining the location and extent of assessments for an assessment on a commuter authority, FRA utilizes information such as:

- The number of train accidents, separated by cause into such categories as track, equipment, and human factors;

- The accident rate per million-train-miles. The current rate is compared with the carrier's previous record and the record of other railroads; and

- The number of employee fatalities per month and other casualties and the rate per 200,000 man-hours worked.

In addition, we have initiated assessments after a serious accident, a complaint, a recommendation from the National Transportation Safety Board or the findings of FRA field personnel.

SENATOR LAUTENBERG: Has FRA ever performed a safety audit on New Jersey Transit?

ANSWER: The Federal Railroad Administration is planning to conduct an assessment on New Jersey Transit rail operations in the latter part of 1987.

SENATOR LAUTENBERG: New Jersey Transit has seen a healthy increase in ridership over the past three years yet nothing will discourage ridership quicker than unreliable and/or unsafe service. What can FRA do for commuter transit service to insure its safety?

ANSWER: FRA will continue to conduct frequent inspections of equipment and facilities to ensure compliance by New Jersey Transit with Federal regulations. FRA will continue to include New Jersey Transit in the schedule of assessments conducted by FRA to determine the general condition of the railroad.

FRA has worked closely in the past with New Jersey Transit to resolve some safety items with equipment such as brake problems and failures of hollow axles. This improvement in reliable and safe service is attributed to effective communications established between FRA and New Jersey Transit and has led to a good relationship based on mutual confidence and openness. FRA will continue to further these communications.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

SENATOR LAUTENBERG: Congress earmarked $16.962 million of Northeast Corridor funds in the Fiscal Year 1987 bill. $3.6 million for the Warren Street Bridge; $4.8 million for New York tunnel electrical and mechanical improvement; $3.1 million for concrete ties; and, $5.5 million for the Boston South Station. This Fiscal Year 1988 budget proposes transferring these funds to the Federal Aviation Administration to fund increased pay costs. Why should Congress agree to this proposal?

ANSWER: Amtrak should fund all capital improvements, including new projects on the Northeast Corridor (NEC) from its corporate capital budget. This would assure that limited capital funding would be spent on the highest priority projects. The $16.96 million of new NEC projects should be financed from Amtrak's $56.4 million in capital funds available in FY 1987.

SENATOR LAUTENBERG: Don't you believe that the bridge, tunnel and tie work contribute to safety improvements on the Corridor? If not, why not?

ANSWER: Yes, they do contribute to the safety of the Corridor. However, these projects can and should be financed from the $56.4 million in capital funds Amtrak has available for FY 1987.

SENATOR LAUTENBERG: Do you believe that pay raises for the FAA are more worthwhile than the Corridor improvement work?

ANSWER: It was the President's decision that funds from within each Agency be the primary source for payroll and retirement cost increases for that Agency. To comply with this decision the Department of Transportation identified projects not considered in the FY 1987 budget and proposed funds from these projects to offset the impact of payroll and retirement costs.

SENATOR LAUTENBERG: In the wake of the Conrail/Amtrak accident don't you believe that there could be further safety investments in the Corridor?

ANSWER: It is important to emphasize that the safety system now in place on the Northeast Corridor would have prevented the Conrail/Amtrak accident had existing regulations been followed. As for making further safety investments the Department believes that Amtrak, or whoever might own and operate the Corridor in the future, should determine exactly what improvements are needed consistent with service levels offered. Amtrak, if it continues in its current role, should finance safety improvements from its corporate capital program.

SENATOR LAUTENBERG: If so, putting aside the formal budget submission, where would you make safety related investments in the Corridor?

ANSWER: Amtrak's FY 1988 budget request includes a list of additional safety related improvements for the Corridor. We have reviewed the proposals and agree with their choices.

STATE RAIL SAFETY GRANT PROGRAM

SENATOR LAUTENBERG: In response to a question asked last Wednesday before the Committee, Secretary Dole stated that the Department was rethinking its position regarding funding for the State Safety Grant program for fiscal year 1988. (The budget requested zero funding.) What is the Department's current thinking?

ANSWER: Our budget request has now been amended to include $1,350,000 for the Grants-in-Aid for Railroad Safety program in FY 1988.

SENATOR LAUTENBERG: Modest funding of $1.35 million was provided for this activity in Fiscal Year 1987. The Department originally proposed using $1.1 million of this funding to offset pay raises rather than for the safety grant program. Are you also rethinking your position regarding the 1987 money?

ANSWER: The FY 1988 budget submission has been amended to restore the $1.1 million to Grants-in-Aid for Railroad Safety to allow a total of $1,350,000 to be available for that program in FY 1987. The $1.1 million will no longer be transferred out of this appropriation for pay raise costs and retirement contributions, but will be transferred from "Redeemable Preference Shares."

SENATOR LAUTENBERG: Is this "rethinking" in response to the Amtrak-Conrail accident or in response to the recent GAO report that stated without Federal funding there was a good chance that most of the thirty-one States participating in the program would drop out without Federal support?

ANSWER: Our decision to fund the State Participation program in FY 1987 and FY 1988 was not as a result of the Amtrak-Conrail accident or in response to the GAO report. We have decided to request, as a compromise, the same funding for FY 1988 and FY 1987 ($1.35 million). The 31 States participating in this program have submitted program applications in FY 1987 and have continued to participate with all their existing inspectors (104) knowing that FRA could only fund approximately 22 percent and not 50 percent of the total program costs. While it is still our position that States would continue to participate even without Federal funds, we have decided to avoid a confrontation with Congress by seeking this reduced level of funding ($1.35 million) rather than zero funding.

SENATOR LAUTENBERG: Mr. Riley, previous attempts to reduce funding for the State Safety Grant Program

appeared to be based on budget considerations. Has FRA ever done a qualitative analysis of the State program? If so, what were the results? If not, why not?

ANSWER: Yes. FRA with its limited resources for railroad safety has attempted to reduce funding from a budget consideration in those areas such as State inspection, as State entities can continue to provide a meaningful service in the absence of Federal funding. The State inspection program complements the FRA program and provides valuable assistance in our safety enforcement program. On a yearly basis, FRA compares the State and Federal inspectors' productivity, although recognizing that their activities are not totally the same. State inspectors on average have provided a valuable service in our overall program to improve the safety of our nation's rail systems.

SENATOR LAUTENBERG: At the Fiscal Year 1987 level of $1.35 million, the Federal share of the program is approximately 22 percent - yet authorizing legislation allows Federal participation up to fifty percent. Would you support funding at the authorized level?

ANSWER: No, as it is not cost effective from a Federal perspective. The current 31 States will continue to participate at their existing inspector level with Federal funds of $1.35 million in FY 1987 and 1988.

SENATOR LAUTENBERG: If more funds were provided, would they be a substitute for the State funds or could they be used to increase either the number of States or number of State inspectors in the program?

ANSWER: Additional funds could be used for either, or both, purposes. If additional Federal funds were provided the Federal cost share of this State rail safety grant program would be increased up to 50 percent, thereby lessening the State cost share down to 50 percent, unless more inspectors were added to the program. At the Fiscal Year 1987 level of $1.35 million, the Federal share is approximately 22 percent (the State share 78 percent). To fund the current level of State inspectors at the 50 percent level, approximately $3.3 and $3.5 million of federal funds would be needed in FY 1987 and 1988, respectively. If the number of State inspectors in the program increased, the Federal cost share as a percentage of total program costs would decrease unless additional Federal funds were made available for this purpose.

UNITED STATES RAIL EXPANSION

SENATOR LAUTENBERG: Mr. Riley, a Task Force of the Coalition of Northeastern Governors concluded that airports and highways were virtually at capacity and that expanded rail service was the answer to meet mobility problems. Do you agree?

ANSWER: We should not expect expanded rail service to reduce Northeast highway or air congestion. Most highway

congestion is caused by local traffic; thus, expanded intercity rail service would do little to relieve highway traffic problems. Amtrak travelers represent a substantial share of the air rail market. However, Northeast Corridor (NEC) air traffic represents only a small portion of total air traffic using NEC aviation facilities, and expanded NEC rail service would do little to reduce the volume of non-NEC traffic and thus have little impact on the region's air traffic problems.

SENATOR LAUTENBERG: Do you believe, as the Task Force reported, ". . . rail corridors in the Northeast remain under used compared to their potential . . .?"

ANSWER: Yes, more people could ride trains in the Northeast Corridor (NEC) than do now. Existing trains could be lengthened and many more trains could be scheduled if there were more people traveling by train.

SENATOR LAUTENBERG: In my state of New Jersey overcrowding on the existing commuter trains especially in the booming Princeton-Route 1 corridor, and Middlesex County has gotten so bad it has been reported that a commuter asked the Federal Railroad Administration to investigate the overcrowding. Have you looked into the situation? What authority does FRA have in this area? Could FRA safety inspectors be used to investigate this type of complaint?

ANSWER: One commuter did write about the limited seating capacity on Amtrak trains, operating between Princeton Junction, New Jersey, and Newark, New Jersey, which resulted in some riders standing. The commuter requested that FRA "check into these conditions."

FRA's check has indicated that some riders do stand on high volume days. There is neither legislation nor regulation which establishes seating requirements on passenger trains.

Evidence does not demonstrate a support for it from a public safety standpoint. If the circumstances were to the contrary, FRA has the authority to initiate a regulatory effort.

In view of the circumstances, the matter becomes an issue of ridership accommodation resolved by an additional passenger car, rather than one of public safety. Therefore, FRA's safety personnel are not used to investigate. Instead, the information is made available to Amtrak for resolution.

CONRAIL SALE PROCEEDS

SENATOR LAUTENBERG: In the prospectus for the sale of the 85 percent Federal interest in Conrail, it is estimated that the 58,750,000 shares being offered will sell for between $22 and $26. At this price range estimated receipts to the Federal Government would be between $1.3 billion and $1.5 billion. Last year sale estimates put the receipts at approximately $2 billion. Why the drop in estimated receipts?

ANSWER: The Department never estimated that a public offering would yield $2 billion, although we did have an

agreement with Norfolk Southern for $1.9 billion. To our knowledge, there was no thorough valuation, based on the conditions created by the Conrail Privatization Act, prepared by an investment banking firm to support the $2 billion goal in the Conrail Privatization Act. The conditions on which all of the earlier offers and evaluations were premised differ substantially from the conditions created by the Conrail Privatization Act.

There is a difference between the statutory goal and the yield that would be produced by the filing range shown in the preliminary prospectus because the co-lead managers do not project that the market will pay enough for the company to meet the goal. We checked their valuation very carefully. Each co-lead manager was individually interviewed on this subject. Each firm reached the consensus pricing by a different method.

As things have turned out, enthusiasm generated for the offering during the marketing period produced an increase in the price before the offering became effective. The apparent demand for shares at prices within the filing range exceeded the supply. A combination of the record bull market and an excellent marketing effort by the investment bankers produced a price of $28 per share yielding $1.645 billion, or almost 97 percent of the goal.

SENATOR LAUTENBERG: Do you believe the recent Conrail/Amtrak accident has affected the estimated sale price?

ANSWER: No.

SENATOR LAUTENBERG: Mr. Riley whose decision was it to use the "Green Shoe" technique whereby more shares are sold at less per share, rather than fewer shares at more per share. (The prospectus reflects a 135 percent stock dividend declared by the Board of Directors on February 12, 1987.) Doesn't higher volume of shares rather than simply higher receipts create more sales commissions that lower final receipts to the Federal Government?

ANSWER: The Conrail public offering does not include a "Green Shoe." On the advice of the co-lead managers, Secretary Dole asked the Conrail Board of Directors to approve either of two types of "Green Shoe" in order to enhance our ability to obtain the maximum price for the shares. The "Green Shoe" would have provided a pool of additional shares on which the underwriters could have drawn to satisfy orders in excess of the Government-owned shares. This technique assists the underwriters in managing the marketing of the shares, encourages them to price the shares aggressively, and, if the "Green Shoe" shares are sold, yields additional cash to the company. Unfortunately, the Conrail Board did not agree to grant a "Green Shoe."

The 135 percent stock dividend is unrelated to the "Green Shoe." Instead, it reflects the decision to price the stock in the mid-twenties. At the time of pre-filing pricing, the co-lead managers believed the market would pay between $1.29 billion and $1.53 billion for Conrail if the stock was priced in the twenties so as to be attractive to both institutional and retail customers. The 25 million shares the Government originally held would produce a per share price so high as to be attractive only to institutional buyers, so a stock dividend or stock split was needed to adjust the per share price.

ATLANTIC CITY SERVICE

SENATOR LAUTENBERG: Mr. Riley, what is the status of the Atlantic City Rail Service Project? It is my understanding that this project could be put into revenue operation by early 1988. Is that true?

ANSWER: Rehabilitation of the line began in April 1986. To date, approximately 60 percent of the track rehabilitation, including grade crossing rehabilitation and right-of-way fencing is complete. This work is scheduled to be completed during the summer of 1987. The contracts for design and installation of signals and communications, and design and repair of the bridge across the Intracoastal Waterway were awarded in early 1987. This work is scheduled for completion in late 1988 or early 1989.

Amtrak is projecting that revenue operations will begin April 1, 1989. While the track rehabilitation will be completed by early 1988, other important parts of the project will not. Specifically, signals and communications, the bridge over the Intracoastal Waterway, and the rail terminal in Atlantic City will not be ready until 1989. While a truncated service could operate to a station other than Atlantic City at reduced service levels at an earlier date, this seems unlikely to occur.

SENATOR LAUTENBERG: Have all parties to the agreement fulfilled their responsibilities?

ANSWER: To the best of FRA's knowledge, all parties have complied with the agreement to date.

SENATOR LAUTENBERG: Under appropriations bill language no service is to be run unless revenues from service covered at least 80 percent of the costs of operating the first year and 100 percent of the costs for each succeeding year. Do you see any problems with those goals being achieved? If so, what are they?

ANSWER: Amtrak believes that the revenue goals for this service can be met from the fare box and other income attributable to the operation. In the event that the goals are not met, Amtrak's agreement with New Jersey Transit (NJT) calls for NJT to consider making up any revenue shortfall. FRA has not conducted an independant analysis of the ability of this service to cover its short-term avoidable costs; however, FRA reviewed the basis for Amtrak's position that the revenue goals will be met, and found this to be a reasonable analysis.

SENATOR LAUTENBERG: Do you promise to keep this Committee fully informed of the progress/status of that project?

ANSWER: Yes.

LOCAL RAIL SERVICE ASSISTANCE (SECTION 803)

SENATOR LAUTENBERG: The Administration is proposing supplemental language which would defer the obligation of $10 million of Local Rail Service Assistance funds until Fiscal Year 1988, and those funds would then be used to fund the Office of the Administrator.

It is the Committee's understanding that applications for discretionary funds often exceed the amount of funds available. Is this true?

ANSWER: The Committee's understanding is correct. As the following chart illustrates, past applications for discretionary funding have exceeded the amount of funds available:

FISCAL YEAR	AVAILABLE DISCRETIONARY FUNDS	TOTAL OF DISCRETIONARY APPLICATIONS RECEIVED
1983	$1,172,675	$30,913,331
1984	3,318,275	16,010,021
1985	10,450,000	27,973,751
1986	9,822,550	23,041,650

SENATOR LAUTENBERG: If the Committee's understanding is correct, why have you proposed using these funds for other purposes?

ANSWER: While it is true that states submit applications for the available discretionary funding, the need for the program on a national basis has diminished. States with significant branchline problems have already established their own independently financed rail freight assistance programs. A recent survey by the Association of American Railroads has identified 26 states with such programs. In addition, many branchline problems are being solved without public assistance through the formation of shortline and regional railroads. Increasingly, large railroads are actively marketing the transfer of marginal rail lines to these smaller carriers.

SENATOR LAUTENBERG: Has your office done anything to delay or deny discretionary grant requests in Fiscal Year 1987?

ANSWER: The Federal Railroad Administration has not taken any action to delay or deny discretionary applications. Both applications submitted by Illinois and Mississippi for the earmarked projects have been approved. In addition, the following applications have been received and the State of South Dakota has advised us that a discretionary application is currently being prepared:

STATE	AMOUNT	PROJECT
Nevada	280,000	Rehabilitation of Southern Pacific line between Mina and Hazen
	227,500	Rehabilitation of the Boulder line that is owned by the State Historical Museum.
New Mexico	223,373	Rehabilitation of a rail acid loading facility on the Phelps Dodge Industrial Railroad
TOTAL	$730,873	

A deadline for other states interested in submitting FY 1987 applications will be announced very soon.

SENATOR LAUTENBERG: What amount of funds were carried over into Fiscal Year 1987? How much has been obligated to date in Fiscal Year 1987?

(Provide for the record the sources of the carryover funds.)

ANSWER: A total of $21,816,711 carried over into Fiscal Year 1987. Of this amount, $8,893,677 was for grants that were approved in FY 1986 but which were not returned until FY 1987. The carryover included $10,999,177 in discretionary funds and $10,817,534 in entitlement funds. Including the FY 1986 grants which were not returned until after the end of the year, a total of $17,082,111 has been obligated to date in FY 1987.

SENATOR LAUTENBERG: What is the status of Congressional earmarks in this program?

ANSWER: Funds were earmarked for the following projects:

Detroit and Mackinac Railway	$ 800,000
Western Massachusetts Rail Rehabilitation	1,000,000
Central Illinois Shippers Corporation	350,000
Housatonic Railroad (Connecticut)	1,200,000
Dodge City-Ford-Bucklin Railroad	1,000,000

The State of Illinois submitted an application requesting $350,000 for rehabilitation of the line serving Assumption, Mowequa, and Decatur that has been purchased by the Central Illinois Shippers Corp. FRA approved the application on March 13, 1987.

Detailed estimates of costs and benefits, traffic and financial data are currently being developed by the railroads for the other earmarked projects. The information is needed for the states to prepare applications satisfying the statutory requirements for allocation of LRSA discretionary funding. Upon receipt of the information, the States of Connecticut, Kansas, Massachusetts, and Michigan will immediately submit project applications. In Connecticut, the source of the statutory 30 percent non-Federal share has not yet been resolved.

REDEEMABLE PREFERENCE SHARES PROGRAM (SECTION 505)

SENATOR LAUTENBERG: Mr. Riley, the Budget proposes using funds previously provided and earmarked by Congress for specific projects to offset 1987 pay increases and to offset the request for new funds for Fiscal Year 1988. Why was this proposal made?

ANSWER: The Administration directed that currently available funds be the primary source for payroll and retirement cost increases within each department and agency. Also, at the end of Fiscal Year 1985, we strongly advocated that the preference share program be allowed to expire on September 30, 1985, as scheduled, on the basis that the program had fully served the purpose for which it was intended. There have been no changes since to alter our conviction. In the light of urgent safety and other budgetary needs, the Budget proposal again urges that no further preference share funding be committed to new projects. For the most part, until recently, the preference share funding that has been appropriated and earmarked for specific projects has not been actively pursued by the designated applicants. Because the applicants themselves have not considered the projects to be important enough to seek funding immediately, we

believe the proposed project financing ranks low in priority when compared to the other specified needs.

SENATOR LAUTENBERG: Has FRA withheld funds or failed to negotiate with recipients of these earmarks so that these projects could go forward?

ANSWER: No spending restraints have been placed on currently unobligated preference share funds. While Congress is considering the transfer proposal, these funds, which have already been apportioned to FRA for obligation, will be available for any worthy projects meeting the statutory prerequisites. Active negotiations are proceeding with three designees who now have submitted applications aggregating $25.3 million, and FRA is prepared to cooperate fully in evaluating the remaining proposals, when submitted.

SENATOR LAUTENBERG: Do you expect Congress to go along with this proposal?

ANSWER: We make no judgement. Congress has an option to preserve unobligated preference share funds for the alternate purposes set forth in the President's Budget by adopting language changes proposed in a FY 1987 Supplemental Appropriation. This provides an opportunity to weigh the priorities in the light of overall budgetary needs.

SENATOR LAUTENBERG: Why should Congress go forward with your request?

ANSWER: The proposal should be adopted to help meet the Gramm-Rudman-Hollings goals. In view of the health of the railroad industry today, Federal loan support for private and other railroad projects is not warranted. Alternative financing must be sought for the projects for which the preference share funding was designated and we believe those needs can be met through private and other public sources.

DEPARTMENT OF DEFENSE INITIATIVES

SENATOR LAUTENBERG: Though it does not show up as a budget item, per se, it is the Committee's understanding that the FRA has been doing considerable work for and with the Department of Defense including: research on track components; transferring two of its track geometry cars to D.O.D., and, considerable work on the rail-based MX proposal. Could you describe for this Committee your involvement in these areas? How much time has the Office of the Administrator spent on defense-related work?

ANSWER: The Transportation Systems Center (TSC) at Cambridge, Massachusetts has conducted substantial in-house research for FRA on track performance standards. TSC has a working agreement with the U.S. Army to support their upgrading of railroad trackage on certain Army bases. The FRA research results are being applied, where appropriate, by TSC in support of the U.S. Army activity.

On February 12, 1987, FRA transferred ownership of a two-car track geometry consist (T-2 and T-4) to the Army. These two vehicles were excess and had been in storage at Ft. Belvoir, Virginia.

Since early last fall, FRA staff have furnished technical advice to the Rail Garrison Mobile Project concept team, at the request of the Air Force and the Office of the Secretary of Defense. FRA has furnished the Air Force with basic information and research results relevant to railroad capabilities and is acting as point of contact with the principal railroads and research organizations. FRA will continue to assist the Air Force as a technical advisor and as point of contact with the industry. Specific research or data analysis will, however, be funded by the Air Force, to avoid interfering with our existing high priority research and policy development activities.

OVERALL BUDGET - OPERATIONS

SENATOR LAUTENBERG: How much is budgeted for "Bonus Awards" in the F.Y. 1988 request?
ANSWER: $18,200

SENATOR LAUTENBERG: What is the estimate for F.Y. 1987?
ANSWER: $18,200 was spent for Bonus Awards in the FRA for F.Y. 1987.

SENATOR LAUTENBERG: How was this amount determined?
ANSWER: F.Y. 1987 funds were determined by the Office of the Secretary, which allocates to each DOT Operating Administration the amount of SES Bonus Awards.

SENATOR LAUTENBERG: Are these bonuses estimated by Office, i.e., for Office of Administrator, Administration, Policy, Counsel, Passenger and Freight Services?
ANSWER: Bonus estimates are for the entire FRA, not for each Office.

SENATOR LAUTENBERG: Provide by Name and Office and Amount the bonuses provided for Fiscal Years 1984, 1985 and 1986.
ANSWER: 1984 - William E. Loftus, Office of the Administrator, $5,900; Louis S. Thompson, Office of Passenger and Freight Services, $5,900; and Joseph W. Walsh, Office of Safety, $4,000. 1985 - William E. Loftus, Office of the Administrator, $4,025; Louis S. Thompson, Office of Passenger and Freight Services, $6,075; and Joseph W. Walsh, Office of Safety, $6,075. 1986 - William E. Loftus, Office of the Administrator, $4,020; Louis S. Thompson, Office of Passenger and Freight Services, $6,140; and Joseph W. Walsh, Office of Safety, $4,020.

SENATOR LAUTENBERG: Provide for the record a breakdown of FRA Overseas Travel including destination, purpose, dates and cost of trip.

ANSWER: The following table presents FRA Overseas Travel.

OVERSEAS TRAVEL

MARCH 11, 1986 - MARCH 10, 1987

DESTINATION	PURPOSE	DATES	COST
MONTREAL, CANADA	To attend the Locomotive Control Compartment Committee meeting and inspect Canadian National Railway Equipment	April 2-4, 1986	$ 767
OTTAWA, CANADA	To meet with the Canadian Minister of Transport and the Presidents of the Canadian National Railroad and the Canadian Pacific Railroad to discuss the Hours In Service Act, the Alcohol and Drug Rule, our (U.S) system of inspections and civil penalties, and deregulation	May 12-14, 1986	$ 373
VANCOUVER, CANADA	To meet with the Transport Canada Deputy Minister and other senior Canadian transport officials	May 28 June 1, 1986	$ 903
MONTREAL, CANADA	To attend a review of the progress of railroad research projects being funded by the Transportation Development Center of Canada	June 11-13, 1986	$ 429
EDMONTON, CANADA	To meet with the Commissioner of Canada	June 23-26, 1986	$ 913
VANCOUVER, CANADA	To attend the 1986 Transportation Research Forum Annual Meeting	Sept. 18-24, 1986	$1,177
VANCOUVER, CANADA	To attend the 1986 BWI Affiliates Law Conference	Sept. 28 - Oct. 1, 1986	$1,146
QUEBEC, CANADA	To meet with the Canadian Transport Commission to discuss Safety Regulations	Nov. 1-5 1986	$ 530

SENATOR LAUTENBERG: Provide for the record a list of political appointees by title, type of appointment and salary for Fiscal Years 1985, 1986 and 1987.

ANSWER: Information Follows

Fiscal Year 1985

Title	Type of Appointment	Salary
Administrator	Presidential	$73,600
Deputy Administrator	Non-Career SES	70,500
Special Assistant to the Admin.	Non-Career SES	68,700
Chief Counsel	Non-Career SES	70,500
Intergovernmental Affairs Coord.	Schedule C	37,599
Supervisory Public Affairs Spec.	Schedule C	32,673
Program Coordinator	Schedule C	26,381
Staff Assistant	Schedule C	22,531
Secretary (Typing)	Schedule C	22,531

Fiscal Year 1986

Title	Type of Appointment	Salary
Administrator	Presidential	$73,600
Deputy Administrator	Non-Career SES	70,500
Special Assistant to the Admin.	Non-Career SES	68,700
Chief Counsel	Non-Career SES	70,500
Intergovernmental Affairs Coord.	Schedule C	38,852
Supervisory Public Affairs Spec.	Schedule C	38,852
Staff Assistant	Schedule C	26,381
Secretary (Typing)	Schedule C	24,811

Fiscal Year 1987

Title	Type of Appointment	Salary
Administrator	Presidential	$82,500
Deputy Administrator	Non-Career SES	72,500*
Special Assistant to Admin.	Non-Career SES	73,400
Chief Counsel	Non-Career SES	70,500*
Intergovernmental Affairs Coord.	Schedule C	45,763
Supv. Public Affairs Specialist	Schedule C	41,309
Staff Assistant	Schedule C	28,078
Secretary (Typing)	Schedule C	26,380*

*Positions vacant at the time of subcommittee hearing.

SENATOR LAUTENBERG: Provide a breakdown of positions showing salary and job title for each position in the Immediate Office of the Administrator, Office of Executive Director, Chief Counsel's Office and Public Affairs Office.

ANSWER: Information Follows

Immediate Office of the Administrator

Administrator	$82,500
Deputy Administrator	Vacant
Special Assistant to the Administrator	52,161
Intergovernmental Affairs Coordinator	45,763
Program Analyst	43,032
Executive Correspondence Specialist	33,514
Staff Assistant	28,078
Secretariat Staff Specialist	26,952
Correspondence Review Specialist	20,194
Secretary (Typing)	Vacant
Secretary (Stenography)	32,148
Secretary (Typing)	21,148
Clerk-Typist	11,802
Chauffeur (per hour)	10.37

Office of the Secretary Positions (Charged to FRA)

Special Assistant to the Administrator	70,700
Staff Assistant	26,952

Office of Executive Director

Executive Director	$72,500
Program Analyst	44,014
Secretary (Stenography)	29,199

Office of Public Affairs

Supervisory Public Affairs Specialist	$41,309
Public Affairs Specialist	28,984
Clerk Typist	13,248

Chief Counsel's Office

Chief Counsel	Vacant
Deputy Chief Counsel	$65,669
Supervisory Attorney-Adviser (Transportation)	69,976
Supervisory Attorney-Adviser (Transportation)	66,697
Supervisory Trial Attorney (Transportation)	63,067
Supervisory Attorney-Adviser (Transportation)	60,084
Supervisory Trial Attorney (Transportation)	59,212
Attorney-Adviser (Transportation)	69,600
Trial Attorney	65,127
Trial Attorney (Transportation)	53,388
Trial Attorney (Transportation)	53,388
Trial Attorney	53,388
Attorney-Adviser	51,863
Trial Attorney (Transportation)	51,863
Attorney-Adviser	50,338
Attorney-Adviser (Contract)	50,338
Attorney-Adviser (Contract)	47,288
Attorney-Adviser (Contract)	45,763
Trial Attorney (Transportation)	33,653
Trial Attorney (Transportation)	33,653
Trial Attorney (Transportation)	27,152
Enforcement Information Technician	22,030
Paralegal Specialist	18,358
Secretary (Stenography)	27,701
Secretary (Stenography)	25,079
Secretary (Stenography)	23,045
Secretary (Stenography)	22,642
Secretary (Stenography)	21,418
Secretary (Stenography)	Vacant

1/ Part-Time Employee

SENATOR LAUTENBERG: How much of the fiscal year 1988 request is for entertainment, reception or representation?

ANSWER: FRA's budget request does not include any funds for official reception and representation expenses. The Office of the Secretary makes a consolidated annual request for the Department. Of the total allowance for the Secretary of $30,000, $550 is allocated to FRA in FY 1987. The Assistant Secretary for Budget and Programs is responsible for allocating and controlling funds provided to each Administration for actual expenses.

CONTRACT LISTING

SENATOR LAUTENBERG: Provide for the record a listing of all contracts above $20,000. Include the contractor, purpose and amount.

ANSWER: The dollar threshold for contracts is any value over $25,000; under $25,000 it would be considered a small purchase. The following are all of the contracts obligated above $25,000.

Contractor	Purpose	Dollars
AAR	Facility for Accelerated Service Testing - High Tonnage Loop	3,086,000
AAR	Track Train Dynamics Program	1,944,000
I-NET, Inc.	Railroad Safety Data System Data Entry and Validation	1,796,445
Ensco, Inc.	Operation, Maintenance Instrumentation and Analysis Support for OR&D	1,253,181
Goldman Sachs	Financial Services for Deposition of Conrail	731,000
Battelle	Quick Response Safety Research Railroad Vehicles, Track and Components	688,948
Ensco	Automated Track Inspection Program	475,320
AAR	Safety Aspects of New Trucks & Lightweight Freight Cars Test Program Car II	378,248
AAR	Articulated Prototype Covered Hopper Car Test	350,000
Technology Management System Inc.	Hazardous Material on Short Line Railroads	297,511
Magnasonics, Inc.	EMAT Rail Flaw Detection System	292,959
Price Williams	Railroad Safety Data System	253,355
Advanced Research Resources Organ.	Selecting Locomotive Engineer Trainees	244,352
Mitre Corporation	Dynamic Response of Inter-modal Hazardous Material Cars	219,441
DeLeuw Cather Parsons	Program Management Task 301, Management Information System	93,478
Houston Belt	Labor-Management Cooperative Program	25,325

OVERALL BUDGET - OPERATIONS

SENATOR LAUTENBERG: Provide for the record the drawdown of the $70 million available from Amtrak for the Union Station development. Include amounts by major items since April of 1983 by fiscal year. Also provide the projected fiscal year 1987 and 1988 expenditures.

ANSWER: USRC draws funds from the Amtrak commitment by writing checks against its own account into which Amtrak deposits funds as needed. Therefore, a detailed breakdown of checks or deposits is not very meaningful. In the aggregate since USRC was formed in April of 1983, USRC has spent, or is projected to spend (as opposed to obligate), the following amounts on major items by fiscal year:

FY 1983 (partial year)	
USRC salaries, rent, and operations	5,817
Architects	84,041
Other professional services	424,534
Construction	0
Total	514,392
FY 1984	
USRC salaries, rent, and operations	340,785
Architects	361,093
Other professional services	495,947
Construction	994,685
Total	2,192,510
FY 1985	
USRC salaries, rent, and operations	438,068
Architects	2,122,045
Other professional services	463,131
Construction	316,506
Total	3,339,750
FY 1986	
USRC salaries, rent, and operations	523,474
Architects	2,793,908
Other professional services	955,937
Construction	4,552,361
Total	8,825,680
FY 1987 (Budget)	
USRC salaries, rent, and operations	703,500
Architects	1,000,000
Other professional services	865,000
Construction	27,875,000
Total	30,443,500
FY 1988 (Projection)	
USRC salaries, rent, and operations	770,000
Architects	317
Other professional services	308
Construction	18,930,000
Total	19,700,625

SENATOR LAUTENBERG: Provide a brief summary of system safety audits conducted on commuter rail authorities.

ANSWER: The assessment conducted during the first quarter of 1985 focused on each part of SEPTA operations. Particular attention was given to "people programs" such as training and instruction of employees and supervisors, the drug and alcohol program, organization structure, and emergency programs and procedures.

Items brought to the attention of SEPTA officials at the time of the assessment included:

- o Inadequacies in several areas of employee training and education, including those crafts critical to safety.
- o Staff officers are relatively inexperienced which has an effect on safety of all aspects of operations.
- o The personal safety program for employees is inadequate. There are no local safety committees; SEPTA does not provide injury investigation, cause determination and remedial action guidelines for supervisors.
- o There is not an adequate emergency response program to provide basic guidance for accidents which could occur on line-of-road and which might require passenger evacuation.
- o Some facilities are antiquated and include towers and shops where deterioration has reached a level that adversely affects employee morale and personal safety.
- o The assessment disclosed a total disregard for compliance with Federal regulations by employees and supervisors of all crafts, including blue signal protection, hours of service, power brake regulations, and track and signal inspection requirements.

SEPTA took corrective action without delay on those items which represented an immediate danger.

Between February 24 and March 7, 1986, the FRA conducted followup inspections and evaluations to determine the extent and effectiveness of corrective measures taken by the Southeastern Pennsylvania Transportation Authority (SEPTA) in response to the 1985 FRA Safety Assessment of SEPTA.

Track defects that were found during the followup inspections were fewer in number than during the 1985 assessment. With only a few exceptions, the defects cited in 1985 had been appropriately corrected by the carrier. There are no major concerns remaining in regard to track, but the track will be closely monitored on a few selected segments. The overall quality of track inspections will also be monitored as an ongoing function.

The followup inspection disclosed that SEPTA is improving the maintenance of its signal systems. The

50 percent defect ratio found during the 1985 assessment was found reduced to 23 percent. However, prescribed tests of the signal systems are not being performed in a timely manner. Approximately 60 percent of the signal systems relays are past due for prescribed testing. In addition, several locations were found having cables and conductors in service with insulation resistance values below the prescribed minimum. These conditions existed during the assessment and have not abated.

During the 1985 assessment, FRA expressed serious concern because SEPTA operated 231 Silverliner IV commuter cars equipped with tubular axles, the configuration and design of which is known to experience premature bearing failure which can result in wheel loss. At that time, SEPTA had previously experienced premature bearing failures on two occasions. FRA recommended to SEPTA that axle removals be monitored and logs maintained so that any grooving or symptomatic wear patterns could be identified. It was also recommended the fit of bearings to the axles be monitored ultrasonically; manufacturers recommended tolerances be followed during installation or reinstallation; and the tubular axles be replaced with solid axles. SEPTA did initiate the maintenance log, and adequate progress has been made to replace the tubular axles.

FRA has just completed an assessment of Metro-North Commuter Railroad and the final report is still being prepared.

SENATOR LAUTENBERG: List the current rulemakings underway at FRA, with brief summary.

ANSWER: FRA's regulatory program includes a variety of projects at different stages in the rulemaking process:

- Alcohol and Drug Use. FRA held an oversight hearing on February 18, 1987 to assist in assessing early implementation experience under the regulation. In addition, FRA is considering possible regulatory action to provide for random testing of certain railroad employees.

- Tank TOFC/COFC of Hazardous Materials. With DOT's Research and Special Programs Administration, FRA issued an Advanced Notice of Proposed Rulemaking under which we will investigate the safety implications of permitting the use of certain intermodal tanks to carry hazardous materials in trailer-on-flat-car or container-on-flat-car service.

- Communications. FRA initiated a special safety inquiry to provide a forum for a broad-based safety examination of communications in railroad operations. A public hearing was held January 27-29, 1987.

- Locomotive Cab Safety. FRA is engaged in a review of the issue of the locomotive cab environment and plans to hold

a public hearing to explore options to enhance the safety of railroad employees in locomotive cabs.

- o Train Placement of Hazardous Material Cars. Given the trend toward removal of cabooses, we are analyzing the need for a change to the hazardous materials car placement rules. The issue is whether such cars should be permitted to be placed at the rear of a train.

- o Railroad Dispatchers. FRA has established a team of senior inspectors to perform a ten-month analysis of railroad dispatching practices, including such issues as workload, training, stress levels, and operating practices. FRA then intends to open a public proceeding.

- o Automatic Train Control. FRA plans to open a proceeding to reexamine the question of whether FRA should impose a train control requirement on the industry.

SENATOR LAUTENBERG: List the on board strength of the Federal Enforcement Program by position, include the authorized levels versus actual levels.

ANSWER:

Type of Position	Authorized Positions[1]	Current On-Board Strength	Differences[2]
Regional Safety Directors		8	
Training Specialists		4	
Motive Power and Equipment Inspectors		102	
Track Inspectors		74	
Operating Practices Inspectors		56	
Signal Inspectors		41	
Hazardous Materials Inspectors		34	
Trainees	___	1	___
TOTAL REGIONAL DIRECTORS AND INSPECTORS	325	320	-5
Clerical	54	46	-8
TOTAL, FIELD	379	366	-13

[1] Positions were authorized by discipline by the House Committee but not by the Senate or Conference Committees. FRA does not maintain ceilings by discipline but recruits based on need.

[2] Recruitment actions are in process for all vacancies.

SENATOR LAUTENBERG: Provide the average travel days per month for Federal inspectors by region and by type of inspector (i.e., motive power, track, signal, etc.).

ANSWER: Generally each type of inspector spends approximately 18 workdays per month in the field. However, this may vary with special assignments. More detailed information by region and discipline will be available at the end of FY 1987 because FRA will then be able to use its new Productivity Measurement System.

SENATOR LAUTENBERG: Please provide a status report for the record on the section 505 projects earmarked by Congress. Please include a brief project description, amount, and the contacts made between FRA and the designated project recipient.

ANSWER: The information follows:

PREFERENCE SHARE PROJECTS DESIGNATED BY CONGRESSIONAL ACTION
($ MILLIONS)

FY 1980

Not less than $38.0	Purchase, lease, or rehabilitation of Rock Island properties by noncarrier entities. Rock Island Railroad Transition and Employee Assistance Act--section 112. $25.0 obligated to Oklahoma, Kansas, and Texas Rail Users Association under agreement dated October 20, 1982; $18.0 obligated to Mid-States Port Authority (Kansas) under agreement dated February 29, 1984; $3.4 obligated to INRC, Inc., (Iowa Northern) under agreement dated July 20, 1984; $6.2 million obligated to Heartland Rail Corporation under agreement dated September 30, 1985.

FY 1981

$30.0	Miles City Line of Milwaukee Road. Conference Report--House--No. 97-124 dated June 3, 1981--accompanying FY 81 Supplemental Appropriations Act. $30.0 obligated to State of South Dakota under agreement dated May 26, 1982.
3.0	Feeder lines. Earmarked under section 405 of the Staggers Rail Act of 1980; cancelled by section 403 of the Rail Safety and Service Improvement Act of 1982.

FY 1982

$60.5 Conference Report--House--No. 97-331 dated November 13, 1981--accompanying FY 82 Appropriations Act, as follows:

Amount	Project	Status
$20.0 1/	East St. Louis	The Terminal Railroad Association of St. Louis voted to discontinue efforts to develop a proposal for section 505 funding.
11.0	Oklahoma, Kansas, and Texas Rail Association	Agreement providing $25.0 million in preference share funding to OKT executed on October 20, 1982.
15.0	Grain Route (KC-Twin Cities)	Agreement providing $15.0 million in section 505 funding to Chicago and North Western Transportation Company executed as of December 19, 1983.

6.0	Milwaukee Road	Agreement providing $6 million in section 505 funding to Trustee of Milwaukee executed on May 14, 1984.
5.0	Armourdale Yard-Kansas City	Agreement providing $5.0 million in preference share funding to St. Louis Southwestern Railway Company executed on November 24, 1982.
3.5	Other Meritorious Projects	Used to fund other meritorious applications.

FY 1982 (continued)

1/ Additional $20.0 million designated for East St. Louis Gateway Project in Senate Report No. 97-516 dated August 3, 1982--accompanying FY 82 Supplemental Appropriations Act. Also, the Rail Safety and Service Improvement Act of 1982 reserved for the East St. Louis project $40 million of the funds appropriated for fiscal years 1983-1985 under the section 509 authorization for the preference share program.

FY 1983

$ 5.0 Conference Report--House--No. 97-960 dated December 13, 1982--accompanying FY 83 Appropriations Act, as follows:

Amount	Project	Status
$3.0 2/	Bloomer Shippers Railway Redevelopment League	Agreement providing $3 million as conditional grant to Bloomer League executed on March 12, 1984.
2.0	Rock Island Lines - Iowa	Agreement providing $3.4 million to INRC, Inc., (Iowa Northern) executed on July 20, 1984.

2/ Section 511 of the Rail Safety and Service Improvement Act of 1982 authorized $3 million to be appropriated for the Bloomer Line; source of funding not specified. The Department's FY 1984 Appropriations Act (P.L. 98-78 dated August 15, 1983) appropriated $3 million as a conditional grant for the Bloomer Line to be derived by transfer from unobligated balances of redeemable preference shares. The conditional grant funding for the Bloomer Line also was included in the Conference Report accompanying the FY 1984 Appropriations Act--House No. 98-318 dated July 26, 1983.

FY 1983 (continued)

$ 3.4	Detroit & Mackinac Railway. Conference Report accompanying the Department's FY 1984 Appropriations Act--House--No. 98-318 dated July 26, 1983. Agreement providing $3.42 million in section 505 funding to Detroit & Mackinac executed on September 30, 1985.

Note: The Department's FY 1983 Appropriations Act transferred to other programs a total of $25.0 million in available preference share funds: $10.0 million to Conrail Labor Protection and $15.0 million to Commuter Rail Service. No recommendations were made with respect to offsets in specific preference share projects.

FY 1984

-	Conference Report accompanying Department's FY 1984 Supplemental Appropriations--House--No. 98-551 dated November 15, 1983. Conferees urged FRA to give priority consideration to the redeemable preference share (section 505) project applications of the Erie Lackawanna (Monroe County Railroad Authority) and the New York, Susquehanna and Western Railroads (Delaware Otsego Corporation) to the extent that such projects can be funded from surpluses derived from existing projects for which preference shares have been reserved. No specific sources or amounts were specified. An agreement providing $4.1 million in section 505 funding to the New York, Susquehanna and Western Railway Corporation was executed on September 30, 1985. The proponents of the Monroe County proposal did not complete their undertaking.

FY 1986

-	Conference Report No. 99-450 accompanying the FY 1986 Appropriations Act as contained in the 1986 Continuing Resolution, P.L. 99-190.

Amount 1/2/	Project	Status
$ 1.818	Columbus and Greenville Railway	Application for $1.87 million submitted on February 13, 1987. FRA staff working actively with C&G representatives on the determinations and findings that need to be made with respect to the proposed loan.

7.656	Gulf and Mississippi Railroad	Application for $7.6 million submitted on October 28, 1986. FRA staff working actively with G&M representatives on the determinations and findings that need to be made with respect to the proposed loan.
11.962 3/	Miami Commuter Rail/ South Florida Tri-County Commuter Rail Organization	Application for $15.83 million submitted on February 6, 1987. FRA staff working actively with TCRO and the State on the determinations and findings that need to be made with respect to the proposed loan.
2.488	Ann Arbor Railroad	No application submitted to date. The railroad has indicated that it plans to pursue the designated funding, but is not actively progressing a project at this time.
2.871	Bangor and Aroostook Railroad	No formal application submitted to date. Preliminary application for $3.4 million submitted in June 1985. The B&A is not progressing its application at this time and FRA has not been advised what the railroad's further plans may be.
5.264	Chicago and North Western/Dakota, Minnesota & Eastern Railroad	Application for $5.3 million expected in early May 1987. FRA and railroad staff are in close contact on the completion of the DM&E's project plan and application.
$32.059		

1/ After sequestration of 4.3 percent.

2/ Action pending on FY 1987 Supplemental Appropriation request which would transfer preference share funding to other appropriations.

3/ Additional $4.0 million designated in FY 1987.

The Conference Report accompanying the FY 1986 Continuing Resolution included language in both the LRSA and section 505 sections for FRA to give priority consideration to "a railroad rehabilitation project in Massachusetts and Vermont." No funding was earmarked for this project. FRA has not received an application for the project from any of the states or railroads involved.

The Conference Report also urged priority consideration (no designated funding) for rehabilitation of a Delaware Otsego system line between Warwick, New York and Butler, New Jersey. The DO requested that $1.5 million of the $4.1 million of section 505 funds to be provided under the DO/NYS&W/ FRA Financing Agreement of September 30, 1985, be reprogrammed for the rehabilitation of the Warwick-Butler line. The Federal Railroad Administration approved the request.

Further, the Conference Report recommended that priority consideration be given to the additional needs of the Tri-County Rail project for a station connection with the Dade County metro-rail for not to exceed $4.0 million. Also, the Report expressed the intent of the conferees that Federal Highway Administration "maintenance of traffic" funding shall be available for the operation of the Tri-County commuter rail project.

FY 1987

$ 6.5 Conference Report No. 99-976 accompanying the Omnibus Continuing Resolution for Fiscal Year 1987, Public Law 99-500.

Amount	Project	Status
$ 4.0	Miami Commuter Rail-South Florida Tri-County Commuter Rail Organization	This funding supplements $11.962 million designated for TCRO out of funds appropriated in FY 1986.
2.5	Central Vermont Railway	No application submitted to date by CV or any related interests. Funding not being pursued actively.

In addition, priority consideration designated (no specific funds) for the Dodge City-Ford-Bucklin Railroad project (Kansas) after prior years' earmarkings have been complied with. No application submitted to date by Dodge City or related interests. Preliminary discussions held with proponents of the project.

SENATOR LAUTENBERG: Provide a status report for the record on the Section 803 projects earmarked by Congress.

ANSWER: On November 24, 1986, the Federal Railroad Administration approved Local Rail Service Assistance discretionary funding in the amount of $500,000 for the Mississippian Railroad. A total of $350,000 in discretionary funding has also been approved for rehabilitation of the Central Illinois Shippers line.

The States of Connecticut, Kansas, Massachusetts, and Michigan are currently developing the cost-benefit information and traffic and financial data needed to prepare applications for the other earmarked projects.

In Connecticut and Michigan, the source of the statutory 30 percent non-federal share has not yet been resolved.

SENATOR LAUTENBERG: Provide for the record the amount of funds provided to states in fiscal year 1986, with a brief project description.

ANSWER: [The information follows:]

FISCAL YEAR 1986 ENTITLEMENT GRANTS

STATE	PURPOSE	AMOUNT
Alabama	Planning	$100,000
Alaska	Planning	100,000
Arkansas	Planning	100,000
California	Planning	100,000
	Completion of rehabilitation of Sierra Railroad	2,063
Colorado	Planning	70,226*
Connecticut	Planning	100,000
Florida	Planning	100,000
	New project to rehabilitate Atlanta & St. Andrews Bay Railroad	27,538
Georgia	Planning	100,000
Idaho	Planning	100,000
Illinois	Planning	100,000
Indiana	Planning	50,000
Iowa	Planning	100,000
	Continued rehabilitation of Chicago & Northwestern's Marshalltown to Albia line	130,870*

Kansas	New project to rehabilitate Dodge City, Ford and Bucklin Railroad	86,647
Kentucky	New Project to rehabilitate Indiana Hi-Rail line from Henderson to Henderson River Port	190,692
Louisiana	Planning	100,000
Maine	Planning	100,000
Massachusetts	Planning	100,000
Michigan	Planning	100,000
	New project to rehabilitate State-owned Channing to Otonagon line	31,402*
Minnesota	Planning	100,000
Mississippi	Planning	100,000
Missouri	Planning	100,000
	New project to acquire Chillicothe to Kelly line	337,510
Montana	Planning	100,000
	Continued rehabilitation of State-owned Geraldine to Spring Creek Junction line	86,003*
Nebraska	Planning	100,000
	New project to rehabilitate Sidney & Lowe Railroad and construct a connection	28,873
Nevada	Planning	100,000
New Hampshire	Planning	100,000
New Jersey	Planning	100,000
	New project to rehabilitate Rockaway Branch	389,254
New Mexico	Planning	100,000
New York	Planning	100,000
North Carolina	Planning	62,090
North Dakota	Planning	100,000

Ohio	Planning	100,000
	New project to rehabilitate Pioneer & Fayette Railroad	200,000
Oklahoma	Continued rehabilitation of Oklahoma-Kansas-Texas Railroad	99,718
Oregon	Planning	49,000
Pennsylvania	Planning	45,980
Rhode Island	Planning	90,000
South Carolina	Planning	100,000
South Dakota	Planning	100,000
Tennessee	New project to rehabilitate Nashville & Eastern Railroad	47,850*
Texas	Planning	100,000
Utah	Planning	100,000
Virginia	Planning	77,875
Washington	Planning	100,000
Wisconsin	Planning	100,000
Wyoming	Planning	50,000
	TOTAL	$5,353,591

*Grant approved in FY 1986; but funds not obligated until FY 1987

FY 1986 DISCRETIONARY GRANTS

STATE	PROJECT	AMOUNT
California	Completion of rehabilitation of Sierra Railroad	$ 76,462
Florida	New project to rehabilitate Atlanta & St. Andrews Bay Railroad	130,000
Idaho	Continued rehabilitation of St. Maries River Railroad	500,000*
Illinois	New project to construct spur & rehabilitate Peoria to Henry line recently acquired by Lincoln & Southern Railroad	525,000*

Iowa	Continued rehabilitation of Chicago & North Western's Marshalltown to Albia line	800,000*
	Continued rehabilitation of Chicago & North Western's Northwest Iowa Gathering lines	500,000*
Kansas	New project to rehabilitate Hutchinson Northern Railway	139,600*
Louisiana	New project to relocate & rehabilitate rail facilities in City of Gretna	400,000*
Michigan	New project to rehabilitate State-owned Channing to Ontonagon rail line	800,000*
Mississippi	Continued rehabilitation of Rosedale to Metcalf line which is owned by Bolivar County Port District	500,000*
Missouri	Continued rehabilitation of Missouri-Kansas-Texas Railroad	406,000
Montana	New project to rehabilitate Moccasin to Spring Creek Jct. line to be operated by Central Montana Rail	300,000*
North Dakota	New project to rehabilitate Soo Line between Kenmare and Fordville	923,202*
Nebraska	New project to rehabilitate Sidney & Lowe Railroad and construct a connection	500,000*
New Jersey	New project to rehabilitate 2 Cumberland County lines abandoned by Conrail	1,107,303*
New York	New project to rehabilitate Harold Avenue Lead of Long Island Railroad	273,416*
Oklahoma	Continued rehabilitation of Oklahoma-Kansas-Texas Railroad between Beckett and Sugden	500,000
Oregon	New project for emergency repair of county-owned Nevada-California-Oregon Railroad	295,921
Pennsylvania	New project to rehabilitate Lackawanna Valley Railroad	288,600

South Carolina	Continued rehabilitation of state-owned Yemassee to Port Royal line	321,090
South Dakota	New project to rehabilitate Chicago & North Western's Redfield to Mansfield line	558,805*
Tennessee	New project to rehabilitate Nashville & Eastern Railroad	700,000*
West Virginia	Continued repair of Chapline Tunnel & rehabilitation of Wheeling Industrial Track	310,200
	TOTAL	**$10,855,599**

***Grant approved in FY 1986, but funds not obligated until FY 1987.**

SENATOR LAUTENBERG: Include by state the amount provided by category, i.e. entitlement, planning, track rehabilitation, rail acquisition, facility rehabilitation, etc.

ANSWER: [The information follows:]

LRSA GRANTS APPROVED

IN FISCAL YEAR 1986

STATE	ENTITLEMENT	PLANNING	REHABILITATION	RAIL FACILITY CONSTRUCTION	ACQUISITION	SUBSTITUTE SERVICE	TOTAL
ALABAMA	$100,000	$100,000	$		$	$	$100,000
ALASKA	100,000	100,000					100,000
ARIZONA	47,850						-0-
ARKANSAS	118,144	100,000					100,000
CALIFORNIA	100,000	100,000	78,525*				178,525
COLORADO	70,226	70,226					70,226
CONNECTICUT	100,000	100,000					100,000
DELAWARE	47,850						-0-
DISTRICT OF COLUMBIA	47,850						-0-
FLORIDA	100,000	100,000	157,538*				257,538
GEORGIA	100,000	100,000					100,000
IDAHO	100,000	100,000	500,000**				600,000
ILLINOIS	204,981	100,000	525,000**				625,000
INDIANA	73,500	50,000					50,000
IOWA	230,870	100,000	1,430,870*				1,530,870
KANSAS	86,647		226,247*				226,247
KENTUCKY	47,850		190,692				190,692
LOUISIANA	100,000	100,000	400,000**				500,000
MAINE	100,000	100,000					100,000
MARYLAND	47,850						-0-
MASSACHUSETTS	100,000	100,000					100,000
MICHIGAN	131,402	100,000	831,402*				931,402
MINNESOTA	165,556	100,000					100,000
MISSISSIPPI	100,000	100,000	500,000**				600,000
MISSOURI	104,449	100,000	406,000**				843,510
MONTANA	100,000	100,000	386,003*		337,510		486,003

NEBRASKA	128,873	100,000	528,873*		628,873
NEVADA	100,000				100,000
NEW HAMPSHIRE	100,000	100,000			100,000
NEW JERSEY	100,000	100,000	1,496,557*		1,596,557
NEW MEXICO	100,000	100,000			100,000
NEW YORK	100,000	100,000	273,416**		373,416
NORTH CAROLINA	62,090	62,090			62,090
NORTH DAKOTA	100,000	100,000	923,202*		1,023,202
OHIO	102,342	100,000	200,000		300,000
OKLAHOMA	99,718		599,718*		599,718
OREGON	49,000	49,000	295,921**		344,921
PENNSYLVANIA	109,152	45,980	288,600**		334,580
RHODE ISLAND	90,000	90,000			90,000
SOUTH CAROLINA	100,000	100,000	321,090**		421,090
SOUTH DAKOTA	100,000	100,000	558,805**		658,805
TENNESSEE	47,850		747,850*		747,850
TEXAS	149,525	100,000			100,000
UTAH	100,000	100,000			100,000
VERMONT	47,850				-0-
VIRGINIA	77,875	77,875			77,875
WASHINGTON	100,000	100,000			100,000
WEST VIRGINIA	47,850		310,200**		310,200
WISCONSIN	100,000	100,000			100,000
WYOMING	47,850	50,000			50,000
TOTAL	**$4,785,000**	**$3,695,171**	**$12,176,509**	**$337,510**	**$16,209,190**

*Includes entitlement and discretionary funds
**Discretionary funds only
All other grants are from entitlement funds only

SENATOR LAUTENBERG: Provide for the record by state the amount of mileage used to calculate the state's share of the entitlement funds and the percentage of the total that represents.

ANSWER: [The information follows:]

Local Rail Service Assistance Program
Fiscal Year 1986 Entitlements

STATE	ELIGIBLE MILEAGE	PERCENTAGE	ENTITLEMENT
ALABAMA	496.37	2.09	$100,000
ALASKA	0.00	2.09	100,000
ARIZONA	68.16	1.00	47,850
ARKANSAS	635.67	2.47	118,144
CALIFORNIA	340.65	2.09	100,000
COLORADO	308.24	1.47	70,226
CONNECTICUT	43.90	2.09	100,000
DELAWARE	13.16	1.00	47,850
DISTRICT OF COLUMBIA	0.00	1.00	47,850
FLORIDA	416.47	2.09	100,000
GEORGIA	378.57	2.09	100,000
IDAHO	223.39	2.09	100,000
ILLINOIS	1,257.04	4.28	204,981
INDIANA	482.56	1.54	73,500
IOWA	1,362.32	4.82	230,870
KANSAS	513.54	1.81	86,647
KENTUCKY	207.80	1.00	47,850
LOUISIANA	435.66	2.09	100,000
MAINE	372.25	2.09	100,000
MARYLAND	40.84	1.00	47,850
MASSACHUSETTS	89.51	2.09	100,000
MICHIGAN	812.83	2.75	131,402
MINNESOTA	998.79	3.46	165,556
MISSISSIPPI	325.67	2.09	100,000
MISSOURI	708.76	2.18	104,449
MONTANA	499.52	2.09	100,000
NEBRASKA	840.33	2.69	128,873
NEVADA	52.51	2.09	100,000
NEW HAMPSHIRE	151.57	2.09	100,000
NEW JERSEY	277.70	2.09	100,000
NEW MEXICO	51.30	2.09	100,000
NEW YORK	193.43	2.09	100,000
NORTH CAROLINA	382.68	1.30	62,090
NORTH DAKOTA	313.85	2.09	100,000
OHIO	680.00	2.14	102,342
OKLAHOMA	550.72	2.08	99,718
OREGON	97.83	1.02	49,000
PENNSYLVANIA	706.84	2.28	109,152
RHODE ISLAND	5.10	1.88	90,000
SOUTH CAROLINA	166.32	2.09	100,000
SOUTH DAKOTA	443.76	2.09	100,000
TENNESSEE	301.97	1.00	47,850
TEXAS	823.10	3.12	149,525
UTAH	188.42	2.09	100,000
VERMONT	4.23	1.00	47,850
VIRGINIA	121.46	1.63	77,875
WASHINGTON	607.11	2.09	100,000
WEST VIRGINIA	246.91	1.00	47,850
WISCONSIN	396.45	2.09	100,000
WYOMING	33.90	1.00	47,850
TOTALS	**18,669.16**	**100.00**	**$4,785,000**

***The total amount of $4,785,000 has been proposed for rescission.**

SENATOR LAUTENBERG: Provide entitlements by year provided by state, not obligated.

ANSWER:. [The information follows.]

STATES WITH UNOBLIGATED ENTITLEMENTS

STATE	CARRYOVER*	FY 1987	TOTAL
ARIZONA	$ 47,850	$ -0-	$ 47,850
COLORADO	-0-	50,000	50,000
DELAWARE	47,850	50,000	97,850
DISTRICT OF COLUMBIA	47,850	50,000	97,850
IDAHO	-0-	50,000	50,000
INDIANA	-0-	23,500	23,500
KANSAS	-0-	50,000	50,000
KENTUCKY	5,545	50,000	55,545
MAINE	50,000	50,000	100,000
MARYLAND	47,850	50,000	97,850
MICHIGAN	-0-	50,000	50,000
MINNESOTA	-0-	15,556	15,556
MONTANA	125,212	-0-	125,212
NORTH CAROLINA	387,720	4,392	392,112
OHIO	3,156,283	-0-	3,156,283
OKLAHOMA	-0-	50,000	50,000
RHODE ISLAND	-0-	50,000	50,000
SOUTH DAKOTA	-0-	50,000	50,000
TEXAS	10,188	-0-	10,188
VERMONT	-0-	40,730	40,730
WASHINGTON	211,150	-0-	211,150
WISCONSIN	29,285	-0-	29,285
TOTALS	$4,166,783	$684,178	$4,850,961

*All of the carryover is Fiscal Year 1986 funding with the following exceptions:

Maine - $50,000 is FY 1985 funding applied for before the end of the entitlement period.

Montana - $125,212 is FY 1984 funding applied for before the end of the entitlement period.

North Carolina - $387,720 is deobligated funding that became available to the State in FY 1986.

Ohio - $2,342 is FY 1986 entitlement and $3,154,283 is deobligated funding that became available to the State in FY 1986.

Texas - $10,188 is deobligated funding that became available to the State in FY 1986.

Washington - $112,925 is FY 1984 funding and $98,225 is FY 1985 funding applied for before the end of the entitlement period.

Wisconsin - $29,285 is deobligated funding that became available to the State in FY 1986; an application has been submitted for these funds.

CAUSE OF ACCIDENT REPORTING

SENATOR LAUTENBERG: The reporting of the cause of an accident rests primarily with the railroad carriers. In the wake of the recent accidents, the Committee has heard that often the cause of accident is falsely reported. Has FRA ever reviewed the reports provided by carriers for their accuracy, and consistency? If not, why not? If so, what were the results?

ANSWER: In the course of occasional accident followup investigations or complaint investigations FRA often has the occasion to verify the accuracy of railroad accident reports submitted to FRA. In the overwhelming number of cases, the railroad's report is accurate. In some cases, of course, there can be a legitimate difference of opinion, even among railroad officials, as to the cause of a specific accident. Moreover, FRA's accident investigations also provide a check on the correctness of the railroad's determination of cause. Where any pattern of showing incorrect causal information is detected, FRA acts to scrutinize that railroad's reports more closely and takes appropriate enforcement action.

SENATOR LAUTENBERG: Do you believe that the individual carriers have great latitude in deciding the "cause of accident"? For example, carrier reports usually provide no room for employees to report extenuating circumstances and that radio/communications failures are reported as employee error when equipment is and could be involved. Are you familiar with this situation? Do accident reports need to be better detailed for categorization purposes?

ANSWER: It has been proposed that employees be given a statutory right to state their view as to causation of allegedly human factor accidents on the accident reports now required to be submitted to FRA by the railroads. This

proposal apparently stems from a concern that the railroads falsely attribute some accidents to employee error. I object strongly to this idea.

FRA's information concerning the details and causes of accidents and incidents comes from reports that the railroads are required to file with FRA and, for a number of the more serious accidents, from our own investigations. In fiscal year 1986, FRA conducted 263 train accident investigations. In addition, FRA investigates all accidents/incidents involving an employee fatality, of which there were 53 in fiscal year 1986. Our investigation practice includes interviewing all concerned; accordingly, on those accidents FRA investigates, employees are always consulted, and their views made part of the record.

The proposal that employees play a formal role in the tens of thousands of railroad-submitted accident and incident reports FRA receives each year would pose staggering logistical problems. FRA would have at least two versions of causation for any accident or incident on which labor submitted its views; presumably, FRA would have to investigate all such accidents to see who was correct and then enter its finding into the data base. There is simply no way to attribute an accident to two different causes without rendering our data base meaningless.

SENATOR LAUTENBERG: Please provide for the record a status report on each still outstanding section 505 project earmarked by Congress. Please include brief project description, amount, and the contacts made between FRA and designated project recipient.

ANSWER: The information follows:

SECTION 505 DESIGNATED PROJECTS OUTSTANDING

($ Millions)

Designated Recipient	Congressionally Designated Funding 1/ 2/	Project Description	Remarks
Columbus and Greenville Railway	$ 1.818	Rehabilitate C&G's main line in Mississippi from Stewart to Browning (44 miles).	Application for $1.87 million submitted on February 12, 1987. FRA staff working actively with C&G representatives on the determinations and findings that need to be made with respect to the proposed loan.

Designated Recipient	Congressionally Designated Funding 1/	2/ Project Description	Remarks
Gulf and Mississippi Railroad	7.656	Rehabilitate main line between Mobile, Alabama, and Corinth, Mississippi.	Application for $7.6 million submitted on October 28, 1986. FRA staff working actively with G&M representatives on the determinations and findings that need to be made with respect to the proposed loan.
Miami Commuter Rail/ South Florida Tri-County Commuter Rail Organization	15.962	Rail improve ments to permit commuter rail service on the existing CSX Railroad beween West Palm Beach and Miami, Florida.	Application for $15.83 million submitted on February 6, 1987. FRA staff actively working with TCRO and the State on the determinations and findings that need to be made with respect to the proposed loan.
Ann Arbor Railroad	2.488	Project not defined.	No application submitted to date. The railroad has indicated that it plans to pursue the designated funding, but it is not actively progressing a project at this time.
Bangor and Aroostook Railroad	2.871	Upgrade existing track and yard facilities in order to serve Sears Island Cargo Port project in Maine.	No formal application submitted to date. Preliminary application for $3.4 million submitted in June 1985. The B&A is not progressing its application at this time and FRA has not been advised what the railroad's further plans may be.

Designated Recipient	Congressionally Designated Funding 1/ 2/	Project Description	Remarks
Chicago and North Western/Dakota, Minnesota & Eastern Railroad	5.264	Rehabilitation of rail line and branches between Rapid City, South Dakota and Winona, Minesota.	Application for $5.3 million expected in early May 1987. FRA and railroad staff are in close contact on the completion of the DM&E's project plan and application.
Central Vermont Railway	2.500	Project not defined.	No application submitted to date by CV or any related interests. Funding not being pursued actively.
Dodge City-Ford-Bucklin Railroad	-	Rehabilitate a 27-mile former Southern Pacific branch line in Ford County, Kansas.	No application submitted to date by Dodge City or related interests. Preliminary discussions held with proponents of the project.

1/ After sequestration of 4.3 percent.
2/ Action pending on FY 1987 Supplemental Appropriation which would transfer preference share funding to other appropriations.

SENATOR LAUTENBERG: Why does the Budget assume a lapse of $108,000 of unobligated funds? Why weren't these funds identified for transfer like the other funds?

ANSWER: The $108,000 represents the remainder after the proposed transfer of unobligated preference share funding in FY 1987 and FY 1988, as follows:

$ 1,101,000	Partially offset pay increases and retirement contributions for NHTSA employees in FY 1987.
6,000,000	Partially fund the "Office of the Administrator" appropriation in FY 1988.
31,350,000	Partially fund the "Railroad Safety" appropriation in FY 1988.
108,000	Remainder
$38,559,000	Total unobligated preference share funds.

The assumption in the Budget is that there will be no further obligation of preference share funds for railroad projects prior to the expiration of the program

authority on September 30, 1988. Under that condition, the $108,000 would lapse at that time. Alternatively, there would be no objection to utilizing the $108,000 for the above stated purposes or elsewhere to reduce the need for newly appropriated funds.

SENATOR LAUTENBERG: Provide for the Committee's records the latest annual report on Federal assistance under Title V pursuant to section 409 of the Staggers Act.

ANSWER: The information follows:

Annual Report on Railroad Financial Assistance Under Title V of the Railroad Revitalization and Regulatory Reform Act of 1976 and Section 3 of the Emergency Rail Services Act of 1970

FISCAL YEAR 1986

STATUTORY REQUIREMENTS

This report responds to the requirements of section 409 of the Staggers Rail Act of 1980, 49 U.S.C. 308(d), for an annual report by the Secretary of Transportation on:

- The past and anticipated financial condition and operations during the fiscal year of the Railroad Rehabilitation and Improvement Fund (Fund) and the loan guarantee fund established under sections 502(a) and 511(b), respectively, of Title V of the Railroad Revitalization and Regulatory Reform Act of 1976 (4R Act);

- The Federal assistance provided to the railroad industry during the fiscal year, setting forth the reasons for the assistance and the way in which such assistance contributed to the overall goal of providing a safe and efficient transportation system; and

- The financial condition of railroads that have outstanding loans guaranteed under the Emergency Rail Services Act of 1970 (ERSA)--which, in this report, includes information relating to the settlement of ERSA and other obligations of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company (Milwaukee) and its assignee, Milwaukee Road Inc., a wholly owned subsidiary of the Soo Line Corporation (Soo). References to the "Soo" will include both the parent company and the subsidiary.

TITLE V

The Fund and the loan guarantee fund are means to carry out the provisions of two programs under which the Secretary may provide railroad financial assistance. One program (section 505 of the 4R Act) involves funding through the purchase of securities issued by railroads, trustees of bankrupt carriers, government entities and other eligible applicants. The second program (section 511 of the 4R Act) is in the form of loan guarantees.

The powers and duties of the Secretary under Title V have been delegated to the Administrator of the Federal Railroad

Administration (FRA), except for those powers contained in section 506(c) that provide for interim appointments to the Boards of Directors of recipients of section 505 assistance when dividend/interest or redemption/principal payments on issued securities remain unpaid for four months.

FRA may purchase securities pursuant to section 505 with the proceeds of Fund anticipation notes sold to the Treasury. The authority of the enabling act to sell those notes and to obligate section 505 funds expired on September 30, 1985. The section 505 program, however, was continued pursuant to Public Law 99-190, 99 Stat. 1284, Further Continuing Appropriations for Fiscal Year 1986, which provided $33.5 million in new funds for the program and the authority to expend those funds for the uses authorized for the Fund. A sequestration of $1.4 million under Public Law 99-177, 99 Stat. 1037, Balanced Budget and Emergency Deficit Control Act of 1985, reduced the amount available to $32.1 million. The extended program terminates on September 30, 1988. Through fiscal year 1986, a total of $623.3 million--net after rescissions, sequestration and transfers--was appropriated for the section 505 program (Exhibit 1). All available appropriated funds were used by the Treasury to purchase Fund anticipation notes.

Section 511(e) of the 4R Act provides that the aggregate unpaid principal amounts of loans guaranteed by FRA under section 511 may reach, but not exceed, $1 billion at any one time. Under section 512(a) of the 4R Act, however, FRA is permitted to issue notes to cover defaults on guaranteed loans only up to the amounts provided in appropriation acts. A total of $600 million, available without time limitation but subject to annual ceilings enacted through the appropriations process, was provided through fiscal year 1986 to fund notes issued by FRA to the Treasury to cover defaults. Of this amount, FRA guaranteed obligations in the aggregate principal amount of $271.0 million (Exhibit 1).

The ceiling for new loan guarantees during fiscal year 1986 was $3.8 million (after sequestration), none of which was committed. Public Law 99-591, Continuing Appropriations for Fiscal Year 1987, prohibited new loan guarantee commitments in fiscal year 1987.

FINANCIAL CONDITION AND OPERATIONS OF THE FUND AND THE LOAN GUARANTEE FUND

Exhibits 2 and 3 present the financial status of the Fund and the loan guarantee fund, respectively, as of September 30, 1986. The following comments relate to the operations of the Fund and the loan guarantee fund, and also include summaries of the principal transactions.

THE FUND

Section 502(a) of the 4R Act established the Fund in the Treasury: ". . . in order (1) to secure the payment, when due, of the principal of, any redemption premium on, and any interest on, all Fund anticipation notes and Fund bonds, by a first pledge of and a lien on all revenues payable to and assets held in the Fund, and (2) to carry out the purposes, functions, and powers authorized in this title."

Assets of the Fund consist of:

- The proceeds of the sale of Fund anticipation notes by the Administrator to the Secretary of the Treasury;
- Deposits in the Fund of securities purchased by the Administrator pursuant to section 505;
- Dividend/interest and redemption/principal payments on such securities;
- Those sums as may be appropriated to the Fund by the Congress;
- Any security provided to secure obligations; and
- Income and gains from investment of excess funds, if any, in the Fund.

Through September 30, 1986, FRA had issued and sold to the Treasury 21 Fund anticipation notes in the total principal amount of $631.2 million. Of this amount, FRA had drawn down and deposited into the Fund $558.7 million, all of which was immediately used to provide project funds to recipients under executed financing agreements. The funding was provided to recipients through the purchase and deposit in the Fund of 40,130 equity securities (38,373 in hand; 1,757 repurchased) and 9,990 debt securities at an initial par value of $10,000 each; advances in the amount of $49.1 million against trustee certificates; $5.4 million transferred to the Interstate Commerce Commission (ICC) to finance directed service orders; and $3.0 million transferred and provided as a conditional grant.

Projected activities during fiscal year 1987 include deposits into the Fund of $26.0 million in advances against Fund anticipation notes, and $0.5 million in repayments of principal due for financing provided through the Fund. Disbursements from the Fund to recipients of $26.0 million for project work also are anticipated.

In keeping with section 507(b) of the 4R Act, each Fund anticipation note issued to the Treasury bears a maturity date not later than seven (7) years from the date of issuance. Under the terms and conditions of each note, the principal amount is payable only if, when, and to the extent the FRA receives payments on the securities purchased pursuant to the financing agreement executed with the issuer of the securities. During fiscal year 1986, a total of $0.3 million in principal repayments from section 505 financing recipients was remitted to the Treasury.

Each advance against a Fund anticipation note bears interest at a rate that reflects the current average market yield on outstanding marketable obligations of the United States with maturities comparable to the term of the securities purchased pursuant to section 505.

Interest on the Fund anticipation notes is due semi-annually. Interest is payable, however, only to the extent funds are available as a result of (1) sums appropriated to the Fund specifically for the payment of interest, or (2) dividends or interest received on any securities purchased with the proceeds of a note. Dividends and interest on the securities are subject to a 10-year statutory payment moratorium. As of September 30, 1986, and, for fiscal year

1987, no monies for the payment of interest on Fund anticipation notes were available or are anticipated to become available to the Fund. No payment of interest was made or is anticipated.

LOAN GUARANTEE FUND

Section 511(b) of the 4R Act provides that the loan guarantee fund be administered as a revolving fund. Two sources of revenue are provided for that fund. First, charges are assessed for investigating applications. These charges are not to exceed one-half of 1 percent of the principal amount of the obligation. Second, annual premium charges are mandated. These charges are not to exceed an annual rate of 1 percent on the unpaid principal balance. The premium charges are assessed upon execution of the guarantee and are paid thereafter on the anniversary date of such guarantee during the life of the guarantee.1/

If the balance of the loan guarantee fund is not sufficient to pay required amounts because of defaults, FRA is authorized to issue promissory notes or other obligations to the Treasury.

Through September 30, 1986, total deposits in the loan guarantee fund amounted to $4,997,325.47. These deposits included investigation fees, premium charges, and interest income from investments of fund assets. Available deposits were invested in one-year obligations of the United States; matured investments were reinvested in similar securities.

In fiscal year 1982, the assets of the loan guarantee fund ($3.5 million) were used together with the proceeds of notes ($7.0 million) to the Secretary of the Treasury to satisfy the Administrator's responsibility with respect to the failure by the Delaware and Hudson Railway Company (D&H) to make a total of $10.5 million in payments due the Federal Financing Bank (FFB) for assistance provided under section 511. In consideration thereof, the FFB assigned the D&H notes to FRA. In an agreement of December 31, 1983, pursuant to the provisions of section 1164(c) of the Northeast Rail Service Act of 1981, the Administrator, in behalf of the total United States interest, limited the D&H debt held by FRA ($12.4 million) and the United States Railway Association ($63.2 million) and provided for the issuance of contingency notes in substitution for such debt. The contingency notes in those amounts are held by FRA.

Also, on December 24, 1985, the available loan guarantee fund assets ($1.3 million) together with the proceeds of a note to the Secretary of the Treasury ($11.6 million) were used pursuant to the Administrator's agreements with the Soo and the FFB to satisfy prepayment penalties resulting from the Soo's payment on that date of amounts due the FFB for Milwaukee obligations assumed by the Soo. The Soo's assumption and payment of the Milwaukee debt is discussed under the ERSA heading of this report.

As shown in Exhibit 3, the balance in the loan guarantee fund as of September 30, 1986, was $121,258.79. Expected

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1/ The investigation charge has been established at one-eighth of 1 percent, and the annual premium charge has been established at two-tenths of 1 percent.

activities in fiscal year 1987 include deposits of $122,000 in premium charges and interest income, and investment of available funds in obligations of the United States.

FINANCING SUMMARY

Program to Date

Exhibit 4 presents a schedule of the agreements executed under Title V through September 30, 1986--a total of 33 agreements committing $589.5 million in section 505 assistance (excluding $3.0 million transferred and provided as a conditional grant), and 14 guarantees of loans under section 511 aggregating $271.0 million. While the section 505 assistance has been directed principally towards rehabilitation of track for the purpose of eliminating deferred maintenance on high density main lines, the program also has served the needs of smaller railroads operating lighter density lines. The guarantee financing under section 511 has been used mainly to support freight car and locomotive rehabilitation programs, track upgrading projects, and the funding of labor protection payments to former employees of the Milwaukee.

Fiscal Year 1986

During fiscal year 1986, no new agreements were executed to provide railroad rehabilitation and improvement financing under Title V. However, preliminary discussions were held with respect to the prospective financing of a number of projects for which Congress specifically appropriated section 505 assistance in fiscal year 1986. Also, several existing agreements were modified to reallocate funds to various project subparts. In total, $9.2 million in project drawdowns under prior commitments were furnished to support a safe and efficient rail system, as follows:

	($ Millions)	
Section 505	Total Committed for Project	Drawdowns in FY 1986
Heartland Rail Corporation (Heartland)/Iowa Interstate Railroad	$ 6.2	$ 2.0
Michigan Interstate Railway Company (MIRC)	2.4	2.1
New York, Susquehanna and Western Railway Corporation (NYS&W)/Delaware Otsego Corporation (DO)	4.1	1.4
South Dakota Railroad Authority	30.0	1.1
Mid-States Port Authority - Kansas (MSPA)	18.0	1.0
Section 511		
Missouri-Kansas-Texas Railroad Company (MKT)	5.8	1.6
Total	$66.5	$ 9.2

The Heartland project ($6.2 million of section 505 funds committed) covers a two-year project for the rehabilitation of major segments in Iowa of the former Rock Island main line between Bureau, Illinois and Council Bluffs, Iowa purchased by Heartland--a shipper-owned, noncarrier entity. The Iowa Interstate Railroad, Ltd. is Heartland's operator. The purpose of the track rehabilitation is to achieve savings in car time, locomotive hours, and train and enginemen wages--and to accelerate the realization of these savings to improve operations. The line being rehabilitated is used for the movement of steel and scrap, coal and farm products and serves as a link for manufactured products produced on-line and destined for off-line points via Chicago and Omaha. Heartland's program for the acquisition and rehabilitation of the line has been supported by contributions from the States of Iowa and Illinois and from interested shippers.

The commitment to MIRC of $2.4 million in section 505 funding, supplemented with $0.5 million in assistance from the State of Michigan, for track rehabilitation, was made to enable MIRC to provide essential freight services on its 47.5-mile line between Toledo, Ohio, and Ann Arbor, Michigan--ranked second in the State on a service index of lines defined as essential core railroads. The track improvements, which will be substantially completed in the 1986 work season, will eliminate speed restrictions and permit more efficient operations. Additionally, MIRC projects that the rehabilitated track and a $1.25 million state-funded rehabilitation project, also substantially completed, on the state-owned line segment immediately north of Ann Arbor will enable the railroad to serve new traffic.

In the Conference Report accompanying the Department's Fiscal Year 1984 Supplemental Appropriations Act, FRA was urged to give priority consideration, to the extent funds were available, to the section 505 project application of the NYS&W--the principal operating subsidiary of the DO. On September 30, 1985, $4.1 million in section 505 funds was committed to the rehabilitation of several elements of the NYS&W in central and southern New York State and northern New Jersey to permit the continuation of competitive freight services. Subsequently, approval was granted to NYS&W to reprogram $1.5 million of the $4.1 million loan package and to obtain additional private sector financing to complete a $6.5 million rehabilitation project on an alternative route for the movement of Sea-Land container traffic to Passaic Junction, New Jersey. The alternative route will be used in lieu of a higher cost movement of the container traffic under a haulage agreement over Conrail tracks between Binghamton, New York and Passaic Junction. Rehabilitation of the alternative route is part of a comprehensive improvement undertaking on the NYS&W costing $12.5 million--to be financed with the $4.1 million section 505 loan; $3.3 million of internal funds; grants of $1.9 million and $1.6 million from the States of New York and New Jersey, respectively; and $1.6 million of other borrowings. The combined funding will allow for improvements to the DO/NYS&W's operating system so as to maintain existing operations and accommodate anticipated service growth.

The $30 million in section 505 financing for the State of South Dakota was committed to rehabilitate and preserve service on the 482-mile Ortonville, Minnesota/Terry, Montana, rail line purchased by the State from the Milwaukee. The Burlington Northern Railroad Company (BN), under a long-term contract with the State, has been performing the

rehabilitation work and providing service over the line. BN also guaranteed repayment of the loan. Preservation of the line will ensure the continued flow of coal by rail from the Knife River coal mine at Gascoyne, North Dakota, to the electric utility at Big Stone, South Dakota, that serves the citizens of South Dakota and neighboring states. The line also connects to the core of South Dakota's branchline system, providing grain shippers and other local users with mainline, east-west rail access. The project is expected to be completed in fiscal year 1987.

The project for which $18 million in section 505 funds was obligated for MSPA, a coalition of 14 counties in northern Kansas, involves the acquisition and rehabilitation of 462 miles of former Rock Island trackage in Kansas, Nebraska and Colorado. The project financing also included $4 million of Kansas and Colorado Local Rail Service Assistance and private funds. MSPA purchased the property from the Rock Island Trustee for $13 million, of which $12 million was funded with the section 505 assistance and $1 million was derived from the proceeds of an issue of revenue bonds by MSPA. The remaining $6.0 million of section 505 funds was directed to rehabilitation of the line, now expected to be completed in fiscal year 1987. The MSPA project will assure the continuation of rail freight service in northern Kansas and eastern Colorado for movements of the region's principal grain and manufacturing commodities to the Kansas City gateway and to Gulf Ports as well as facilitate westbound shipments via Denver, Colorado. In addition, the project will enable dependable rail service to the coal-fired electric generating plant at Hallam, Nebraska, owned by the Nebraska Public Power District.

The drawdowns against the $5.8 million in loan guarantee assistance committed to the MKT are being used by MKT to retire, at maturity, certain Collateral Trust Notes (Notes) originally issued to fund rehabilitation of track and equipment under Part V of the Interstate Commerce Act. The refinancing was made available to enable MKT to use its own funds generated from operations, without reductions in its maintenance-of-way and rehabilitation programs, to repay other obligations maturing in the same time frame as the Notes--thus contributing support for economic and efficient utilization of the MKT system. MKT's main line between Kansas City and Houston is the most direct single grain route to major Texas gulf ports. In addition, the MKT provides a link for the movement of coal to two coal-fired electric generating plants located on its system. Under an earlier agreement, MKT received an additional $22.5 million in loan guarantee assistance under section 511 for track rehabilitation, which now has been completed.

In the Conference Report accompanying the Department of Transportation's Fiscal Year 1984 Appropriations Act, the Congress designated $3.42 million of section 505 assistance for the Detroit & Mackinac Railway Company (D&M). On September 30, 1985, a Financing Agreement was executed with the railroad, committing $3.42 million in section 505 funding for the rehabilitation of a 114-mile segment of the D&M's easterly main line between Bay City and Alpena, Michigan. The rehabilitation project would enable the D&M to maintain essential freight service in a geographic area where no other rail carrier operates and where the existing limited highway system creates a need for reliable rail transportation. As of September 30, 1986, however, the D&M had failed to take any

actions to implement the approved project and to cure breaches of the covenants and conditions dealing with financial reporting requirements. As a result, the Administrator suspended any drawdown of section 505 funds by the D&M.

Also, during fiscal year 1986, discussions were held with officials of the Inter-Rail Express Corporation (IRE) and the City of New York regarding a proposal by IRE for a $6.5 million loan guarantee under section 511 to finance the purchase of 100 refrigerated RoadRailer vehicles. The vehicles would be used in a new service venture for the movement of perishables between Florida and New York City. IRE was advised of the information needed to address the statutory requisites for the proposed guarantee. This information, however, was not provided by IRE prior to the lapse of the remaining loan guarantee assistance at the end of fiscal year 1986 and consideration of the Federal financing for the project was terminated.

Fiscal Year 1987

In fiscal year 1987, in addition to furnishing construction funds for previously approved projects, Title V program activity will focus on expected applications for funding for the new projects for which Congress designated section 505 assistance. As of October 1, 1986, $32.1 million (after sequestration) in prior year appropriated funds was available for these projects, as follows:

($ Millions)

$12.0	Miami Commuter Rail
7.6	Gulf and Mississippi Railroad
5.3	Dakota, Minnesota & Eastern Railroad
2.9	Bangor and Aroostook Railroad
2.5	Ann Arbor Railroad
1.8	Columbus and Greenville Railway
$32.1	

Further, in the Omnibus Continuing Resolution for Fiscal Year 1987, Public Law 99-500, an additional $6.5 million in section 505 funds was appropriated; $4.0 million to supplement the earlier Congressional earmarking for the Miami Commuter Rail project and $2.5 million designated for track work on the Central Vermont Railway.

In the section 511 loan guarantee program, no funding was provided for fiscal year 1987; no applications for loan guarantee assistance were pending at the beginning of the fiscal year.

EMERGENCY RAIL SERVICES ACT OF 1970

Subject to annual limitations, ERSA authorizes the Secretary, after consulting with the ICC, to guarantee at any one time up to $200 million of certificates issued by the trustees of railroads undergoing reorganization to provide working capital for continuation of essential transportation services threatened by imminent cessation. The Secretary's authority has been delegated to the Administrator. No ERSA guarantees were provided for in the fiscal year 1986 appropriations act; none are provided for in fiscal year 1987. Information on the disposition of earlier ERSA and Title V loans to the Milwaukee follows.

Milwaukee

As a result of Bankruptcy Court actions and the consummation of an agreement with the Soo at the close of fiscal year 1985, all outstanding ERSA and Title V claims of the United States in the Milwaukee reorganization proceeding were settled; the liability for the Milwaukee debt was assumed by the Soo; and the original agreements with the Milwaukee and/or the Trustee were satisfied and terminated.

Of the $155.7 million in Milwaukee debt outstanding, the Soo agreed to pay $56.6 million with interest at approximately 12 percent within five months, $30.3 million with interest at approximately 10 percent within 15 months, and $68.8 million with interest at approximately 8 percent over 20 years with payments on the latter amount beginning after 5 years. On December 24, 1985, the $56.6 million and the $30.3 million notes were prepaid in full by the Soo.

Also, the Soo's purchase of the Milwaukee's core railroad assets satisfied the conditions for cancellation, pursuant to section 7(h)(1) of the Milwaukee Railroad Restructuring Act (MRRA), of $50 million of assistance provided to the Trustee under section 7(d) of the MRRA. Section 7(h)(1) directs that assistance provided to the Trustee under section 7(d) "shall be waived and cancelled when (A) the Milwaukee Railroad is reorganized as an operating rail carrier; or (B) substantially all of the Milwaukee Railroad is purchased." Section 7(h)(2) of the MRRA specifies that "substantially all of the Milwaukee shall be considered as having been purchased when (A) more than 50 percent of the rail system operated by the Milwaukee Railroad on the date of enactment of the Staggers Rail Act of 1980 1/ has been purchased, and (B) more than 50 percent of the employees employed by the Milwaukee Railroad on such date of enactment have obtained employment with other rail carriers."

1/ October 14, 1980.

EXHIBIT 1

RAILROAD REHABILITATION AND IMPROVEMENT FINANCING
RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976 - TITLE V
SEPTEMBER 30, 1986
($ Millions)

	Total Appropriated	Total Obligated ($)	Total Obligated Agreements	Amount Available for Obligation	Total Drawdowns	Principal Outstanding ($)	Principal Outstanding Agreements
Section 505	$623.3 1/	$589.5 2/	33	$32.1 3/ 4/ 5/	$555.7 2/	$547.5 6/	22
Section 511	600.0 7/	271.0	14	-0- 8/	245.6	60.7	6
		$860.5	47	$32.1	$801.3	$608.2	28

1/ Net after rescissions, transfers and sequestration.

2/ Does not include $3M in grant funds provided to the Bloomer Shippers Railway Redevelopment League.

3/ On September 30, 1985, $1.7 million lapsed under provisions of the 1984 DOT Appropriations Act.

4/ Earmarked by Congress as follows:

$ 1.8	Columbus and Greenville
7.6	Gulf and Mississippi
12.0	Miami Commuter Rail
2.5	Ann Arbor
2.9	Bangor and Aroostook
5.3	Dakota, Minnesota and Eastern
$32.1	

5/ In addition to the $32.1 million, appropriation of $6.5 million in Omnibus Continuing Resolution for Fiscal Year 1987 also available--$4.0 million added for Miami Commuter Rail project and $2.5 million designated for the Central Vermont Railway.

6/ Does not include the Detroit and Mackinac agreement for $3.4 million, against which no drawdowns have been made.

7/ Subject to annual limitations enacted through the appropriations process.

8/ The FY 1986 annual limitation, $3.8 million (after sequestration), lapsed on September 30, 1986. No guarantee authority provided for FY 1987.

EXHIBIT 2

RAILROAD REHABILITATION AND IMPROVEMENT FUND
SECTION 505
AS OF SEPTEMBER 30, 1986

		($ Millions)
Deposits		
Advances against Fund Anticipation Notes Issued to the Secretary of the Treasury 1/		$ 558.7
Interest/Dividends and Redemption Payments on Securities Purchased 2/		6.4
Appropriations		-0-
Income and Gains from Investments		-0-
Total Deposits		$ 565.1
Disbursements		
Drawdowns Provided to Recipients under Financial Assistance Agreements		$ 558.7
Payments of Principal on Fund Anticipation Notes 2/		6.4
Payments of Interest on Fund Anticipation Notes		-0-
Net Funds in Account		$ -0-
Fund Assets		
Securities Purchased Pursuant to Section 505 ($10,000 initial par value each)		
Equity		38,373
Chicago and North Western Transportation Co.	14,447	
Peoria and Pekin Union Railway Company	349	
Illinois Central Gulf Railroad Company	15,253	
St. Louis-Southwestern Railway Company	5,265	
Delaware and Hudson Railway Company	466	
Boston and Maine Corporation	2,593	
Debt		9,990
Hooper-Myron Corporation	210	
South Dakota	2,914	
Oklahoma, Kansas and Texas Rail Users Association	2,500	
Beverly-Royal Slope Port District	70	
Chicago and North Western Transportation Co.	1,612	
Mid-States Port Authority	1,729	
INRC, Inc.	340	
Delta Transportation Company	65	
Heartland Rail Corporation	195	
Michigan Interstate Railway Company	211	
New York, Susquehanna & Western	144	
Other Receivables Held in the Fund		$ 56.7
Soo Line note for section 505 debt of Chicago, Milwaukee, St. Paul and Pacific Railroad Company Trustee assumed by the Soo (original principal value)	$ 56.7	
Investments		-0-

Note: Footnotes on Page 2.

EXHIBIT 2

1/ Advances Against Fund Anticipation Notes
Drawdowns Provided to Recipients

Agreement	Amount
Milwaukee Road	$ 9.1
Milwaukee Road	24.4
Milwaukee Road	17.4
Milwaukee Road	5.8
Chicago and North Western	24.5
Chicago and North Western	120.0
Chicago and North Western (Reprog.)	1.4
Chicago and North Western	14.7
Illinois Central Gulf	23.8
Illinois Central Gulf	79.1
Illinois Central Gulf	49.6
Columbus and Greenville	4.0
Columbus and Greenville	4.4
Peoria and Pekin Union	3.5
Boston and Maine	25.9
Rock Island	1.6
St. Louis Southwestern	48.3
St. Louis Southwestern	4.3
Hooper-Myron Corporation	2.1
Directed Service	5.4
Delaware and Hudson	4.7
State of South Dakota	29.1
Bloomer Shippers League	3.0
INRC, Inc. (Iowa Northern)	3.4
Oklahoma, Kansas, Texas Rail Users	25.0
Beverly-Royal Slope	0.7
Mid-States Port Authority	17.3
Delta Transportation Company	0.7
Heartland Rail Corporation	2.0
Michigan Interstate Railway	2.1
New York, Susquehanna & Western	1.4
	$558.7

2/ $1.6 Rock Island Settlement
0.7 Chicago and North Western Payments
4.1 Columbus and Greenville Repurchase
$6.4

EXHIBIT 3

LOAN GUARANTEE FUND
SECTION 511
AS OF SEPTEMBER 30, 1986

Investigation Fees 1/	$1,478,842.96
Premium Charges 2/	2,317,999.05
Earnings on Investments	1,265,780.44
Accrued Interest on Purchase of Notes	(- 0 -)
Premium on Purchases of Notes	(93,046.26)
Adjustments on Return of Advances	27,749.28
Withdrawals--Other than Investments 3/	(4,876,066.68)
Total Fund as of September 30, 1986	$ 121,258.79
Investments in Obligations of United States 4/	$ 117,462.12
Available for Investment	3,796.67
Total Fund as of September 30, 1986	$ 121,258.79

	1/Investigation Fees	2/ Premium Charges
Missouri-Kansas-Texas	$ 54,125.00	$443,159.51
Milwaukee Road	160,918.22	946,638.56
Rock Island	110,299.76	46,168.14
Chicago and North Western	1,058,852.12	733,638.24
Delaware and Hudson	12,234.86	93,594.60
Auto Train	5,658.00	
Regional Transportation Authority	57,500.00	
Apache Railway	3,630.00	
Escanaba and Lake Superior	3,125.00	
United States Railway Association/MKT	9,375.00	44,800.00
Delta Transportation Company	3,125.00	10,000.00
	$1,478,842.96	$2,317,999.05

3/ On March 25, 1982 and September 23, 1982, outstanding investments were redeemed and the proceeds transferred to the Federal Financing Bank to carry out (in part) the Secretary's responsibilities with respect to the failure by the Delaware and Hudson Railway Company to make payments which were due the FFB on February 25, 1982 and August 25, 1982 for assistance provided under section 511 of the Railroad Revitalization and Regulatory Reform Act of 1976. Also, on December 24, 1985, use of available Loan Guarantee Fund assets was required under the Administrtor's agreements with Soo Line Corporation and FFB to satisfy prepayment penalties resulting from the Soo's satisfaction on that day of amounts due FFB for Milwaukee obligations assumed by the Soo.

4/Investments

$ 23,439.62	6.57%	Bill of 02/19/87
14,104.58	6.14%	Bill of 04/16/87
37,501.11	6.50%	Bill of 05/14/87
42,416.81	5.99%	Bill of 06/11/87
$ 117,462.12		

EXHIBIT 4

RAILROAD REVITALIZATION AND REGULATORY REFORM ACT OF 1976
AGREEMENTS EXECUTED
AS OF SEPTEMBER 30, 1986

($ in Millions)

BY APPLICANT	SECTION 505	SECTION 511
Beverly-Royal Slope Port District	$ 0.7	
Boston and Maine Corporation	26.0	
Chicago, Milwaukee, St. Paul and Pacific Railroad Company	58.7 1/	$ 115.7 2/
Chicago and North Western Transportation Co.	162.6 2/	70.2 1/
Columbus and Greenville Railway/Delta Transportation Company	9.5 2/	2.5
Chicago, Rock Island and Pacific Railroad Company	1.6	22.9
Delaware and Hudson Railway Company	4.7	8.9
Delaware Otsego Corporation/New York Susquehanna and Western Railway Corporation	4.1	
Detroit and Mackinac Railway Company	3.4	
Heartland Rail Corporation	6.2	
Hooper-Myron Corporation	2.1	
Illinois Central Gulf Railroad Company	166.5 2/	
INRC, Inc. (Iowa Northern)	3.4	
Michigan Interstate Railway Company	2.4	
Mid-States Port Authority (Kansas)	18.0	
Missouri-Kansas-Texas Railroad Company		43.3 2/
Oklahoma, Kansas and Texas Rail Users Association	25.0	
Peoria and Pekin Union Railway Company	5.7	
St. Louis Southwestern Railway Company	53.5 3/	
State of South Dakota	30.0	
United States Railway Association/Missouri-Kansas-Texas Railway Company		7.5
RITEA Directed Service	5.4 1/	
TOTAL	$ 589.5 *	$ 271.0

1/ 4 Agreements
2/ 3 Agreements
3/ 2 Agreements

*In addition, $3.0 million of section 505 funds transferred and provided as a conditional grant to the Bloomer Shippers Railway Redevelopment League.

SENATOR LAUTENBERG: The Fiscal Year 1988 Budget assumes receipts realized from the sale of redeemable preference shares. The Budget assumes net receipts of approximately $206 million and an asset write-off of $377.2 million. How were these estimates derived? Please elaborate.

ANSWER: The $206 million is a very preliminary estimate of the minimum value placed on the portfolio which would be assured in even the most unfavorable foreseeable market conditions. Realizing the highest possible return clearly will be dependent, among other things, on the timing of the sale, the Government's cost of borrowing, and changes in the financial condition of the issuers of the securities being sold.

Under the Federal Railroad Administration's financing agreements, the issuers have a contractual right of first refusal to repurchase their securities. The price will be the major issue to be negotiated, whether the sale be to the issuer or to an outside investor. We plan to negotiate with the issuers first and use expert financial advisors, where appropriate, to prepare and market the portfolio privately, if negotiations with issuers are unsuccessful, to realize the highest possible return. With the benefit of the expert investment advice, we would expect the realization on the sale to be considerably better than our preliminary estimate.

It should be noted that the sale of the loan portfolio assets is independent of other ongoing FRA privatization efforts--as for example, in merger proceedings--to negotiate an immediate equitable settlement of the Government's shareholder creditor interest in the railroads involved, and end the Government's involvement in the railroad financing business. The portfolio sale thus will not include loans made to such entities as the St. Louis Southwestern Railway Company and the Oklahoma, Kansas, and Texas Rail Users Association, both of which currently are involved in merger cases. Settlement of these loans is being negotiated separately.

EARMARKED RESEARCH PROJECTS

SENATOR LAUTENBERG: What is the status of the funds earmarked for the Oregon Graduate Center's research into maintenance and repair of rail-related components?

ANSWER: To more closely align the earmarked research funding to meet FRA's direct mission needs, a revised technical statement of work has been negotiated and a copy of the revised grant agreement will be sent to the Oregon Graduate Center for signature. It is expected to be obligated in late March or early April.

SENATOR LAUTENBERG: What is the status of the $200,000 earmarked for the railroad-highway crossing study?

ANSWER: Preliminary discussions have been held with officials of the recently incorporated Operation Lifesaver, Inc., concerning its proposed grade crossing safety programs. We anticipate beginning negotiation with Operation Lifesaver, Inc., as soon as it has completed its corporate organization to the extent necessary to meet the requirements for receipt of Federal funds to encourage and enhance the development of nationwide grade crossing safety programs.

CONRAIL INSURANCE

SENATOR LAUTENBERG: What insurance does Conrail carry? (Amount of deductible per accident)

ANSWER: We believe Conrail has a deductible of $10 million per accident on most types of coverage. The amount of coverage Conrail carries above that amount varies with the type of coverage and, while we do not know the terms of Conrail's insurance policies, we believe Conrail's insurance coverage to be ample.

SENATOR LAUTENBERG: Please explain the industry practice of a track owner indemnifying the carrier that operates over the track against suit without regard to negligence or fault.

ANSWER: Generally, a railroad that permits another railroad to operate over its tracks, whether briefly or over a long term, requires that it be held harmless from loss or liability arising out of the presence of the foreign carrier on its tracks. By excluding fault or negligence from consideration, the railroad providing trackage rights assures itself that it is protected against loss or liability in most cases even if its own employees cause an accident involving the tenant carrier. It is generally reasonable to allocate almost all of the risk to the foreign railroad, the presence of which increases the risk of accidents, and doing so should help keep the cost of trackage rights affordable.

SENATOR LAUTENBERG: Please provide for the record the breakdown of State inspectors by State, by number in each investigative area and the amount of Federal funding provided each State.

ANSWER: [The information follows:]

FY 1987 Grants-In-Aid for Railroad Safety State Participation

Number of State Safety Inspectors

State	Track	Motive Power and Equipment	Operating Practices	Signal & Train Control	FY 87 Inspectors	FY 87 Requested Funds(1)
Alabama	2	2			4	$158,454
Arizona	1	1	1		3	62,618
California	2	1			3	159,700
Connecticut	1				1	12,795
Florida	3	2	1		6	171,598
Illinois	4				4	114,851
Iowa	3				3	82,110
Kansas	1				1	28,679
Louisiana	1				1	80,460
Maryland	1	1	1	1	4	114,332
Michigan	3				3	101,936
Minnesota	2				2	47,851
Missouri	3				3	82,889
Montana	1				1	23,620
Nebraska	1	1			2	46,171
Nevada	1				1	28,621
New Hampshire	1	1			2	37,424

New Jersey	1				1	42,706
New York	3	3			6	310,462
North Carolina	2	1			3	90,600
Ohio	3	4	1		8	184,849
Oklahoma	1				1	38,418
Oregon	2	2			4	162,550
Pennsylvania	3	3	1		7	243,393
South Carolina		1			1	31,651
Tennessee	2	2	1	1	6	177,403
Texas	4	3	3		10	272,750
Utah	1	1			2	85,004
Virginia	2				2	71,717
Washington	2	1	1		4	126,200
West Virginia	2	3	-	-	5	133,563
Total	59	33	10	2	104	$3,325,375

(1) States have requested the maximum Federal share of 50 percent or $3,325,375. However, only $1.35 million has been appropriated for this grant program.

SENATOR LAUTENBERG: Also provide the percentage that the Federal funding is of the State's spending for this program by State.

ANSWER: At the fiscal year 1987 level of $1.35 million, the Federal share will be approximately 22 percent and the State share will be approximately 78 percent. The percentage that the Federal funding, at this level, is of the States spending would be 28.21 percent. Thus far, States have submitted FY 1987 grant applications requesting the maximum 50 percent of total program costs from FRA. It is noted that for FY 1985 and all previous years, FRA's share was 50 percent of the total program costs. In FY 1986, FRA's share of total program costs was 39.419 percent.

SENATOR LAUTENBERG: Please provide State versus Federal inspector productivity comparisons: track miles inspected, track defects recorded, track violations reported, freight cars inspected, defective units reported as percentage of cars inspected, equipment violations reported, operating practice violations reported. Comparisons should be per inspector.

ANSWER:

STATE vs. FEDERAL INSPECTOR PRODUCTIVITY

	Calendar Year 1986	
	State	Federal
Track miles inspected per inspector	3,287	3,108
Track defects recorded per inspector	854	785
Track violations reported per inspector	.72	1.16
Freight cars inspected per inspector	12,037	6,962
Defective units reported as percentage of cars inspected	3.38	3.76
Equipment violations reported per inspector	18.23	40.91
Operating practice violations reported per inspector	6.05	22.03

SENATOR LAUTENBERG: Estimate the amount of funds necessary to fund the existing program of 31 States and 104 inspectors for at the 50 percent level, 40 percent level and 30 percent level.

ANSWER: To maintain the program at the current level of 104 inspectors and 31 States in FY 1988, the States would require approximately $3.5 million of FRA funding assuming the maximum Federal authorization of 50 percent matching share. For FRA to fund only 30 or 40 percent of total program costs would require $2.1 million and $2.8 million in Federal funding, respectively.

MERGER OF APPROPRIATIONS ACCOUNTS

SENATOR LAUTENBERG: The FRA budget proposes merging the Research and Development account into the Rail Safety account. Please explain the rationale for this request?

ANSWER: We continue to recommend merging these accounts because R&D activities are safety-related. As such, the program directly

supports the FRA's safety regulatory and enforcement activities. Merging the budget accounts will achieve better coordination and oversight of the activities, thereby ensuring improved research effectiveness.

FEDERAL SAFETY INSPECTOR PROGRAM

SENATOR LAUTENBERG: What support does FRA have to demonstrate that the number of inspections planned and carried out under the National Inspection Plan process are sufficient to fulfill its safety enforcement responsibilities?

ANSWER: The steady decline in the railroad industry's accident rate demonstrates that FRA carries out sufficient inspections to carry out its enforcement responsibilities. In addition, our Safety Enforcement Staffing model, which suggests an optimal level of inspection resources, confirms that our current level of inspection resources is proper for the work to be done.

When we examine the issue of inspection resources, we not only include routine individual inspections by the inspector out in the field but consider efforts such as system assessments, which we believe produce a greater safety return than individual inspections under certain circumstances. Thus, the mix of inspection activities can vary from inspector to inspector and region to region. The staffing model compares this overall level of inspection activity to the railroad industry safety record in terms of loss per revenue ton mile. The model then determines the optimal staffing level, defined as the level at which further staff increases would produce a decreasing return in safety.

The model, when run for the year 1986, supports the current staff level.

SENATOR LAUTENBERG: What is FRA headquarters doing to establish productivity standards for its regional offices in setting and meeting inspection objectives for the National Inspection Plan?

ANSWER: For the year 1987, FRA has instituted a new Productivity Measurement System. The system will be used to monitor both regional and individual productivity. All aspects of an inspector's activity will be monitored including, but not limited to, accident/incident investigations, complaint investigations, inspections, applications/waivers, presentations, and administrative functions. The system will also provide the amount of time inspectors devoted to disciplines other than their own. Detailed activity information will be reported by inspector, using a system adaptable to either manual or electronic data processing. The information will be compiled and reviewed monthly to more effectively manage FRA's limited resources. The system provides the following types of information:

1. Hours worked and units produced
2. Number of inspections (by discipline)
3. Distribution of annual effort (by discipline)
4. Gross hours available (by discipline)
5. Gross hours per inspector employed (by discipline)
6. Other hours by discipline

SENATOR LAUTENBERG: Please describe the methods FRA regions have developed to determine the frequency and scheduling of the various categories of safety inspections for the National Inspection Plan, particularly for wayside signals, cab signals, and conformance with the operating rules by locomotive crews and any other safety factors related to the recent Northeast Corridor accident.

ANSWER: Each year, the Federal Railroad Administration's (FRA) Office of Safety produces a report entitled the National Inspection Plan (NIP). Each of FRA's eight regions submits its own part of the NIP, detailing pertinent statistical data on the previous year. The NIP provides an update on activity performed during the past year, analyzes current conditions and describes work to be accomplished in the coming year, all on an individual regional basis.

In preparation for each year's NIP, Headquarters sends each region its Regional Statistical Analysis Report, consisting of three main elements:

REGIONAL OVERVIEW DATA containing data which deals with the overall safety picture and safety trends of the Region for the last five years of available data within the FRA data banks.

REGIONAL ACCIDENT DATA contains information which deals with specific problem areas within the region based on the last three years of available data.

SUPPLEMENTARY DATA contains the upcoming year's goals and objectives, new regulations, policies, and budget information.

Each Regional Director, upon receiving the Statistical Analysis Report, compares its information to his records of inspection and enforcement activity. This comparison allows the Director to identify problem areas and other areas requiring a greater share of resource expenditures. Thus if the Director discovers, through this data analysis, that track caused accidents for a particular location are increasing and inspectors are discovering more track defects, then he knows to shift more resources to that area for more track inspection efforts in the future, at least until the statistical data points to another area as deserving of greater attention.

SENATOR LAUTENBERG: How many inspections did FRA determine were necessary per year or month for Amtrak and Conrail in the Corridor with regard to wayside signals, cab signals, and conformance with the operating rules by train crews, etc.? In the past year, did FRA meet, exceed, or fall short of the number

of inspections it determined were necessary for each category? Explain?

ANSWER: FRA's regional offices headquartered in Cambridge, Massachusetts, and Philadelphia, Pennsylvania, are responsible for Amtrak and Conrail inspections on the Northeast Corridor. The planned and actual inspections of Conrail and Amtrak by each of these regions for Calendar Year 1986 are shown below.

Region 1 (Cambridge, Massachusetts)

	Conrail		Amtrak	
	Planned	Actual	Planned	Actual
Operating Practices/ Hazardous Materials Inspections	288	306	175	97
Track Inspections	628	814	207	171
Signal Inspections	90	259	90	61
Motive Power and Equipment Inspections	349	698	153	91

Region 2 (Philadelphia, Pennsylvania)

	Conrail		Amtrak	
	Planned	Actual	Planned	Actual
Operating Practices/ Hazardous Materials Inspections	1,202	1,069	334	256
Track Inspections	1,280	1,297	385	175
Signal Inspections	238	198	77	68
Motive Power and Equipment Inspections	2,000	1,766	180	90

SENATOR LAUTENBERG: Has FRA met, exceeded, or fallen short of its inspection plans for other railroads or major rail routes other than Amtrak? Why?

ANSWER: The actual number of inspections conducted by FRA in Calendar Year 1986 have exceeded the planned inspections in each of the inspection disciplines as shown by the following summary of the annual work program inspection activities:

NATIONWIDE
OPERATING PRACTICES AND HAZARDOUS MATERIAL
FOR
CALENDAR YEAR 1986

INSPECTION ACTIVITY			PLANNED	ACTUAL 1/
OPERATING PRACTICE INSPECTIONS	ROUTINE	YARD LIMITS	1,059	1,335
		TRAINING PROGRAM	241	194
		OPERATING TESTING	1,580	2,419
		ACCIDENT REPORTING	336	811
		RADIO STANDARDS	2,326	2,533
		REAR END MARKERS	5,693	6,899
		HOURS OF SERVICE	1,075	1,361
	OBSERVATIONS	HAZMAT OPERATIONS	2,013	2,026
		TRAIN OPERATIONS	3,364	4,637
		BLUE SIGNAL	3,799	5,800
		FLAG PROTECTION	953	1,099
	PRESENTATIONS		223	194
	OTHER		133	186
HAZARDOUS MATERIAL INSPECTIONS	ROUTINE	OPERATIONS INSPECTIONS	3,723	3,580
		CAR INSPECTIONS	45,100	50,933
		SHIPPER INSPECTIONS	984	1,169
		CONSIGNEE INSPECTIONS	1,495	1,603
	OTHER		325	311
	PRESENTATIONS		220	393

1/ These numbers are preliminary

NATIONWIDE
TRACK INSPECTION ACTIVITIES
FOR
CALENDAR YEAR 1986

INSPECTION ACTIVITY		PLANNED	ACTUAL 1/
REGULAR	MAIN LINE (MILES)	325,082	354,343
	YARD (MILES)	17,090	17,789
FEDERAL ASSISTANCE PROJECTS		25	34
TECHNICAL MEETINGS		176	147
GOVERNMENT OWNED TRACK		28	55
OTHER		10,201	5,947
RECORDS		6,700	5,433
GEOMETRY CAR (MILES)		25,000	25,360

1/ These numbers are preliminary

NATIONWIDE
MOTIVE POWER AND EQUIPMENT ACTIVITIES
FOR
CALENDAR YEAR 1986

INSPECTION ACTIVITY		PLANNED	ACTUAL 1/
REGULAR INSPECTION	SHOPS (MP&E)	2,329	5,249
	LOCOMOTIVES	37,544	37,895
	CARS	1,403,506	1,361,718
TEST OBSERVATIONS	TRAIN BRAKE	8,091	6,924
	SINGLE CAR	755	1,051
	BLUE FLAG	2,778	3,592
	NOISE LEVEL	142	137
PRESENTATIONS		317	277
OTHER		4,150	2,750

1/ These numbers are preliminary

NATIONWIDE
SIGNAL AND TRAIN CONTROL INSPECTION
FOR
CALENDAR YEAR 1986

INSPECTION ACTIVITY		PLANNED	ACTUAL 1/
ROUTINE	ABS	1,034	1,017
	INTERLOCKING	1,164	1,133
	TCS	1,860	2,170
	TRAIN CONTROL	181	144
	CAB SIGNAL	240	117
	TRAIN STOP	89	100
TECHNICAL MEETINGS		72	57
GRADE CROSSING		141	55
FALSE PROCEEDS		133	150
RECORDS		5,535	9,362

1/ These numbers are preliminary

SENATOR LAUTENBERG: What is FRA doing to improve its allocation of inspectors and determine the size of the inspection force. When will a more sophisticated model be available? What criteria will it use to make inspector allocations and yield estimates of the necessary size of the work force? Will FRA develop standards for inspector productivity (e.g., the number of inspections an inspector can be expected to perform in a year, month, etc., and standard timeframes for individual types of inspections) as part of the model?

ANSWER: FRA has recently instituted important new procedures and modeling techniques to more effectively manage the resources available for the inspection of the industry and the enforcement of FRA's rail safety program.

To ensure that the resources are appropriate to the problem, and to further ensure that those resources are properly distributed, FRA has developed a Safety Enforcement Staffing and Allocation Model consisting of three distinct elements.

The first element compares the performance of inspectors against accidents and casualties, normalized by revenue ton-miles, to determine the marginal return

per inspector at various levels of inspector staff by demonstrating the point at which increasing marginal returns per inspector would become decreasing.

FRA's staffing model indicates that the existing staff size would be adequate with the addition of the five deputy regional directors positions needed and an alcohol and drug training specialist. When historical work measures were compared against historical productivity per inspector, the result was a justification for 330 field professionals with a correlation of .97.

The second element of the staffing model determines the optimal allocation of the inspector staff throughout the eight FRA regions. The model bases its allocation on the principle of risk as determined by:

- casualties
- accidents
- employees
- tons
- size (square miles)
- carloads of hazardous materials
- population density
- passenger traffic
- railroad mileage

The third element takes each region's staffing level and allocates it among the five inspector disciplines, or areas of specialty. It uses inspector activity and territorial differences, as measured by the following five factors, to divide the resources among the five disciplines:

- reports filed
- violations issued
- complaints handled
- inspections conducted
- other

The three elements of the model are viewed sequentially. The first element determines the total amount of resources available. The second element takes the number from the first and allocates the resources among the eight regions, and the third takes each region's allocation and divides it among the five disciplines.

In addition to the allocation models, the Office of Safety has instituted a regional productivity measurement and improvement procedure beginning in calendar year 1987, in conjunction with the annual National Inspection Plan. This procedure measures work units produced per hour to track, compare, and improve the productivity of the available inspector resources. It allows comparisons among regions, and eventually from year to year, so that management can target specific problem areas requiring improvement.

The current model is designed to accept continual refinement and additional detail as experience dictates.

For the year 1987, FRA has instituted a new Productivity Measurement System. The system is being

used to monitor both regional and individual productivity. All aspects of an inspector's activity are being monitored including, but not limited to, accident/incident investigations, complaint investigations, inspections, applications/waiver investigations, presentations, and administrative functions. The system also provides the amount of time inspectors devoted to disciplines other than their own. Detailed activity information is being reported by inspector. The information is being compiled and reviewed monthly to more effectively manage FRA's limited resources.

SENATOR LAUTENBERG: What is the status of the Risk Assessment and Control Computer Program? When will it be fully operational? What are the costs invested so far? What will it cost to run this program? Is FRA planning to assess user fees to cover its cost?

ANSWER: The RACP System is designed to assist FRA management to better allocate inspectors and monitor productivity. The prototype Risk Assessment and Control Program (RACP) is about 40 percent complete. Development of RACP was delayed due to the sequestration of the $1,194,000 in railroad safety funds that occurred in March 1986 pursuant to the Gramm-Rudman-Hollings Act. The total obligation for the prototype is $285,000.

It will take approximately 6 months to complete the prototype system. Another 6 months will be needed to evaluate the prototype and decide if the costs and benefits justify a nationwide system. It would then take another year to install the entire system.

After installation it would cost $75,000 to $100,000 a year to run the RACP System.

FRA has proposed, in our authorization bill, to charge user fees to cover the full cost of our safety program.

FRA SAFETY VIOLATION PENALTY PROCESS

SENATOR LAUTENBERG: In 1982 GAO reported the FRA civil penalty process took 20 months to settle with railroads cited for safety violations and that this long period adversely affected the deterrent value of the penalties and frequently resulted in penalties being negotiated down to one-half to two-thirds of the original assessment. Why has it taken so long to settle civil penalties? What has FRA done to improve the timeframe for settling violation citations with the railroads? Have time standards been established for penalty processing?

ANSWER: FRA handles a large civil penalty caseload. During the past three years, we have collected more than $13 million in civil penalties as a result of a total of 22,322 individual claims against railroads and shippers. FRA has taken many steps to improve the rail safety civil penalty process since 1982. Before describing those improvements, let me put them in context by discussing the nature of the process.

FRA imposes civil penalties so as to serve the cause of

rail safety. Thus, FRA carefully weighs the safety merits of each claim and conducts careful, case-by-case negotiations. The point is not merely to reach a bottom-line settlement figure. If it were, FRA could agree quickly to an overall percentage settlement without reference to the widely varying safety merits of the claims. Instead, the settlements we reach are symbolic of the underlying safety issues that concern FRA; of their number and severity; and of the railroad's response, whether it be stepped-up inspections, improved maintenance or training, better organization, or better performance that FRA can verify.

Each safety claim represents a potential lawsuit. Therefore, our inspectors must invest considerable time investigating and documenting each case for which they recommend prosecution. FRA attorneys then assess the legal sufficiency of the proposed claim and the appropriate penalty to be assessed. The railroads then investigate FRA's allegations and prepare their responses. With the larger railroads, periodic settlement conferences are held at which both sides can present their stories and the safety issues can be thoroughly explored. A positive measure of the quality of the FRA civil penalty process is how infrequently a successful defense is mounted by the railroads. Improving safety statistics is another measure.

On any given day there are violations at every stage of what is a continuous process. That is, inspectors are investigating, gathering evidence, submitting violation reports for typing and review by their supervisors; the Office of Chief Counsel is receiving reports and handling them clerically (nearly 7,000 in FY 1986), including logging them into our computer-based violation tracking system; law clerks are administratively processing violation reports, aggregating them into enforcement cases, and initially reviewing them for legal sufficiency; attorneys are reviewing cases and signing them for transmittal to the respondent or for return to the field if found to be legally insufficient or if additional work is needed; railroads and shippers are acknowledging receipt of claims and conducting their own investigations of the charges; FRA attorneys are conducting negotiations with respondents based on any legal defenses or mitigating circumstances they present and on FRA's assessment of the worth of the case based on such factors as the safety hazard, severity, and remedial measures taken; the parties are making offers and counteroffers of settlement and settlements are being reached; and, occasionally, the agency is engaged in litigation over a claim.

The following are some of the more notable improvements to the civil penalty process we have made since 1982:

1. In 1982 FRA established a top priority violation system to permit the identification of prompt handling of those violations that have resulted in, or are very likely to result in, a hazardous materials release, passenger train accident, or death or serious injury to a rail employee or private citizen.

2. FRA streamlined, clarified, and set new standards for the entire enforcement process, as reflected in detailed Enforcement Procedures revised annually since 1983.

3. In 1983 FRA began implementing a computer-based violation tracking system to improve case management and violation reporting capability and established a supporting

enforcement information technician position. That system now permits us to keep the FRA regional offices fully informed of the status of their violation reports. Our Chief Counsel's Office provides them with monthly reports of (a) all violation reports received, (b) all cases transmitted to railroads and shippers, and (c) all cases closed. In addition, they receive the annual report of cases closed.

4. In 1983, FRA restructured the Office of Chief Counsel to combine the Enforcement and Regulations Divisions so as to expose its safety attorneys to all facets of rail safety law and to make additional attorneys available for enforcement work.

5. In 1984, FRA modified its personnel structure so as to hire additional safety attorneys.

6. In 1984, FRA mounted a special, concentrated effort to reduce a large backlog of older unsettled cases, which resulted in its closing out virtually all pre-1984 cases by the end of calendar 1984.

7. In 1984, FRA established an annual review and settlement cycle goal whereby (i) all claims received during one year are to be transmitted by April of the following year, and (ii) all cases received during one year are to be negotiated and settled by the end of the following year.

8. In 1986, FRA developed detailed procedures for handling hazardous materials cases, the most complex and time-consuming we handle.

9. In 1986 and 1987, FRA has thoroughly overhauled all the paperwork associated with the civil penalty process.

10. In 1986, FRA carefully studied the potential for the active involvement of its computer system in the process itself and is now implementing a decision to reprogram the system to permit that use.

SENATOR LAUTENBERG: Is the long, drawn out penalty settlement process for hundreds of individual violations each year a reason FRA should consider shifting emphasis away from individual routine inspections more toward comprehensive system assessments?

ANSWER: We need both. System safety assessments have been an important part of the FRA strategy since 1979, averaging three each recent year. During the several months of an assessment, we examine in depth all issues relating to safety on the railroad, not just those bearing on compliance with FRA safety regulations. We observe its physical plant, its operating procedures, and its system for managing the flow of rail traffic. We meet repeatedly with railroad management and with representatives of labor on that railroad. Finally, we issue a report to the railroad, making a series of safety recommendations. The results of this approach have been uniformly positive -- all railroads assessed to date have improved their safety performance in ensuing years.

While assessments are a complement to the inspection process, individual inspections continue to provide the backbone of the FRA safety program. They are the only technique we have for randomly sampling the level of compliance with FRA regulations throughout the industry. If individual inspections were significantly reduced in favor of assessments, safety on the railroads not being assessed in a given year would likely suffer. There would probably be a tendency to let

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matters slide, in the belief that FRA will not be visiting the railroad for a year or more. We prefer to keep all railroads on their toes.

Individual inspections, of course, have an effect far beyond the particular problems that may be found during any given inspection, since compliance problems are often common across an entire railroad or railroad division. Through these inspections FRA stays in close touch with actual safety conditions in the industry. As a result, we are able to develop a judgment on the effects of change, e.g., the ripple effects of technological innovation and industry restructuring. And those developing judgments can lead to appropriate formal safety inquiries or rulemaking. Finally, of course, these inspections provide the ultimate basis of FRA's credibility, since they can result in the imposition of civil penalties for failure to comply with the regulations. Thus, they serve as a strong deterrent to lax safety practices.

SENATOR LAUTENBERG: Does FRA need more General Counsel personnel to settle claims? If not, why not? If so, how many and when will FRA ask for these additional resources?

ANSWER: The Chief Counsel's Office has nine attorneys in its Safety Division who are responsible for all enforcement, regulatory work, litigation, and legislative work related to rail safety. I think this staffing level strikes an appropriate and acceptable balance between competing program and budgetary demands that permits the existing workload to be handled both well and within a reasonable time. Of course, we continually strive to reduce the time required to process violations.

SENATOR LAUTENBERG: There exists a backlog of unresolved fines of approximately $10 million. Speedy collection of these penalties could result in additional receipts to the federal government. The foregone interest alone could pay for hiring an addition 3 to 5 lawyers for the General Counsel's Office. Do you believe that speedier resolution of these violations is necessary? If not, why not? If so, what steps are you taking to quicken collections?

ANSWER: What you characterize as a "backlog of unresolved fines" in fact represents the total value of all safety claims pending in various stages of the process. Some, for example, have only recently been transmitted to the railroads and shippers (nearly $1 million in the most recent two-month period) and have yet to be investigated by the respondents, others are the subject of current negotiations, and others have been recently reduced to settlement (e.g., just this week one railroad paid $530,000 in civil penalties). In addition, the amount outstanding is usually higher this time of year since most negotiations are held and settlements reached with the larger railroads during the summer and fall.

I should also stress that these are not "fines" of $10 million. Instead, they represent claims based on allegations made by FRA inspectors, third-party witnesses, or railroad records. As such, they are subject to factual challenges or legal defenses that may be raised, and amounts ultimately collected will, overall, be reduced to account for arguments in mitigation presented by the respondents. Improved

safetv is, of course, the very purpose the enforcement program is designed to promote; therefore, our negotiations often center around placing a dollar value on a railroad's or shipper's responsiveness to FRA's safety concerns. In this way, we seek to relate the civil penalty process directly to promoting safety.

In addition, if not settled administratively through negotiations, these claims would be subject to litigation. In the context of collection litigation, a collection rate of better than 50 percent is considered good on claims that have been reduced to a debt. FRA's recovery outlook in litigation is further clouded by the facts that its claims have not yet been reduced to debts (therefore, they are not, strictly speaking, collection actions) and that, instead of a few claims with high dollar values, FRA claims consist of thousands of claims of relatively small value, each based on a separate set of facts and thus requiring separate litigation. When one also considers the risk of loss always inherent in any litigation, it would not be unreasonable to estimate the government's ultimate net collections on $10 million in safety claims to be between $5 and $6 million, a result not very different from that likely to be achieved through the negotiation process, but one likely to take significantly more time through litigation.

Speedier resolution of civil penalty claims is a result for which we constantly strive. However, federal revenue enhancement plays no role in the federal rail safety program.

FRA SAFETY ENFORCEMENT STANDARDS

SENATOR LAUTENBERG: In 1982 GAO criticized the FRA System Safety Plan for not having specific enforcement standards for citing safety violations and said this lack of standards could result in FRA not taking enforcement action when necessary. What has FRA done to correct this?

ANSWER: FRA disagreed with the GAO at the time and, in fact, since 1982 no instance of FRA's "not taking enforcement action when necessary" has been brought to our attention.

SENATOR LAUTENBERG: What are FRA's current standards for determining when penalties are to be assessed?

ANSWER: In determining when to recommend the imposition of civil penalties, FRA inspectors are provided considerable guidance in the FRA General Manual, in the FRA specialty manuals (e.g., track and motive power and equipment), and in technical bulletins issued by the FRA Office of Safety. In addition, guidance for making such decisions is always the subject of our Office of Safety conferences, training programs at the Transportation Safety Institute, and inspector/supervisor contacts in the regions. FRA inspectors also bring experience, expertise, and judgment to this process. Only they have crucial facts available in making the decision whether to recommend that civil penalties be assessed in a particular case.

SENATOR LAUTENBERG: How much time does FRA allow for a railroad to correct a cited problem before initiating a penalty action?

ANSWER: Under FRA enforcement policy, the railroads have no right to a "grace period" before violations are cited and civil penalties are assessed. This misconception stems from two sources: an incorrect, literalist reading of the 1981 Systems Safety Plan and FRA's practice, in certain instances, of noting technical infractions without citing for penalties.

The power to levy penalties is used when, in our best judgment, the violation is of a serious nature, compliance has proven difficult to achieve, or for another reason a fine will best serve the cause of safety. When the same result can be achieved without imposing a penalty, with its concomitant commitment of significant inspector, supervisor, and attorney time, our inspectors often recommend that course of action. Note that FRA's prosecutorial discretion is exercised, in the first instance, at the level of the field inspector and his or her supervisors. The sharp reduction in accident statistics bears good testimony to the effectiveness of their efforts and judgments.

SYSTEM ASSESSMENTS

SENATOR LAUTENBERG : Has FRA performed system assessments on Conrail or Amtrak? If so what did the assessments show?

ANSWER: Conrail has not yet been assessed. It will, however, be assessed in 1987 and field activities will begin on March 23. FRA completed a safety assessment of the NEC in 1984. The following is a summary of the findings and actions taken by Amtrak as a result of the assessment.

TRACK - The FRA study found the track in the NEC in excellent condition--having benefited from extensive engineering improvements and rehabilitation that were part of the agency's Northeast Corridor Improvement Project. In addition to monthly inspection by track inspection cars, Amtrak's track inspection system requires inspectors to visually inspect the track twice a week. Stringent FRA regulations for the high speed track found in the corridor require a high level of training and expertise for track inspectors. FRA has recommended management initiatives to improve the track inspection program and the training inspectors receive. Amtrak with FRA assistance has developed, and instituted, a comprehensive program for track personnel.

SIGNAL AND TRAIN CONTROL - FRA inspection of the signal and train control system found conditions that could lead to failures. Of 17 signal malfunctions reported by Amtrak from 1982 to 1984, most were caused by defective relays or by wires that crossed or were improperly grounded. The introduction of new apparatus and circuit designs require that maintenance personnel be trained to maintain the new system components. As a result of the assessment Amtrak has reopened a training facility in Lancaster, PA., for its signal and train control personnel. An ongoing program to replace all centrifugal relays is scheduled to be completed in 1988. Cable replacement between Washington and New York is scheduled for completion in September 1987.

LOCOMOTIVE AND EQUIPMENT - FRA found that the locomotives and equipment in use on the corridor were in good condition and in compliance with Federal regulations. Most of Amtrak's locomotives and passenger cars are new or newly rebuilt within the past ten years. The report does recommend that Amtrak address FRA concerns with wheel maintenance and locomotive inspection and maintenance. The modification of the surveillance system for inboard bearings has been completed.

OPERATING PRACTICES - The report concludes that Amtrak has a high standard of compliance with the operating rules, but it is difficult for Amtrak to monitor the operations and qualifications of the tenant railroads. Other areas of concern addressed by the report include the use of temporary block stations, speed, train dispatching, communications, efficiency testing and noise in dispatching offices. Inspectors found that Amtrak's training program for new block station operations, who control train movements on a given section of track, is adequate and satisfactory. In 1985 Amtrak implemented a new system designed to more effectively manage the operational tests and inspection program. The Dispatcher Office in New York has been modified to eliminate much of the noise. The operator training program has been improved. The realignment of radio channels has vastly improved communications.

SENATOR LAUTENBERG: Has FRA compared the safety record improvements of railroads which received system assessments with safety record improvements resulting from individual routine inspections to determine whether it should do more assessments and fewer routine inspections?

ANSWER: It takes several years for a railroad to realize the benefits of a systemwide assessment. One way to measure these benefits is to look at the number of reportable train accidents per million train miles before and after FRA assessments.

Examples of improvements in accident rates for railroad assessed by FRA are as follows:

Railroad	Year Assessed	Accident Rate for Year Before Assessment	1985 Accident Rate	Percent Improvement
Southern Pacific	1982	14.5	12.3	15.2
Soo Lines	1982	17.6	12.1	31.3
Boston and Maine	1982	15.2	13.6	10.5
Kansas City Southern	1982	24.4	6.9	71.7
Port Terminal Railroad Association	1983	35.7	21.9	38.7

Alaska Railroad	1983	3.8	4.1	-7.9
Chicago & Northwestern	1983	21.1	11.6	45.0

The accident rate for all Class I railroads from 1982-1985 are as follows:

1982	1983	1984	1985
8.00	7.00	6.58	6.01

There was a 25 percent improvement in the accident rate for all Class I railroads between 1982 and 1985. The improvement between 1983 and 1985 was 14.1 percent.

RAIL-HIGHWAY CROSSINGS

SENATOR LAUTENBERG: Rail-highway crossings still make up a high percentage of rail accidents. Locomotive engineers cite rail-highway grade crossings as one of the most stressful situations facing an engineer. What is FRA doing in this area?

ANSWER: Day-to-day FRA involvement regarding rail-highway crossing safety programs includes the processing and analysis of crossing inventory and accident data provided by States and railroads, the periodic publication of crossing statistics, the promotion of crossing safety programs (for example, Operation Lifesaver) cooperatively with other entities, and the investigation of complaints and accidents.

The FRA and the FHWA work very closely together. Information and data regarding promotional programs, research, specific crossings or accidents, and public inquiries are exchanged daily. Contracted research and analysis is often jointly funded and is always cooperatively monitored. Many reports over the last several years have been jointly published. FRA and FHWA worked together in 1986 to publish three crossing related reports, Rail-Highway Crossing Resources Allocation Procedure - Users' Guide, Second Edition; Railroad Crossing Corridor Improvements, A Model Program Based on Field Reviews in Six States; and Railroad-Highway Grade Crossing Handbook - Second Edition. A research effort is also underway to update the Department's crossing accident prediction formulas. Reports are expected in 1987.

FRA personnel have been making approximately 1,200 contacts or presentations annually, reaching directly over 100,000 people with the Operation Lifesaver safety message. (Operation Lifesaver is a cooperative State, industry, and local effort which the FRA encourages and assists. Operation Lifesaver addresses public (driver) education, law enforcement, and engineering improvements directed at promoting crossing safety. It works through media campaigns, booths at fairs and malls, presentation to schools, police and community organizations, mass mailings, posters, etc.). FRA involvement has been well received.

FRA has been supporting other aspects of Operation Lifesaver as well. FRA and FHWA both participated in the planning and funding of the 1984 and 1986 National Operation Lifesaver Symposiums. FRA has produced and distributed nearly a half-million coloring books which stress the danger of the railroad environment to elementary-age school children. FRA has also made available other promotional materials for distribution to program participants and the public. Each Regional Office has a library of audio-visual presentations used for emphasizing the Operation Lifesaver and anti-trespassing message to a variety of audiences. FRA Regional Offices will arrange for a speaker (often FRA inspectors volunteering on their own time) to make such presentations.

SENATOR LAUTENBERG: Section 203 of the Highway Safety Act of 1973 requires the identification of priority improvements for States grade crossing improvements. FRA's jurisdiction in this area overlaps with the Federal Highway Administration which provides approximately $190 million each year to improve grade crossings. What input does FRA have in priority identification for the Section 203 report?

ANSWER: Although FRA does not fund the 203 program, we work cooperatively with the FHWA, the States, railroads, and communities to ensure the application of "best practices" as may have been learned in other jurisdictions.

FHWA requires each State to collect and maintain a list of crossings along with highway and train traffic, and accident data, and have an established process to prioritize crossing projects which includes consideration of: 1) the potential for reduction in the number or severity of accidents, 2) the cost of projects and available resources, 3) the relative hazard of crossings based on an analytic formula, 4) onsite inspections, 5) the exposure of large numbers of persons on buses or trains, and/or the use of the crossing by hazardous materials carrying vehicles, and 6) other factors deemed appropriate by the State.

The FRA retains, on computer files, an Inventory of all the rail-highway crossings in the United States. These files include highway and train traffic data, accident histories, physical descriptors, and warning device information. The FRA and FHWA, working together, have developed a Resource Allocation Procedure which includes accident and severity prediction formulas as well as warning device effectiveness and cost considerations. Application of these files and procedures by the States satisfies the FHWA's requirement that the States maintain a list of crossings as well as the first three of the noted requirements for project prioritization. (However, States can use their own files and formulas as long as the procedures are predefined and analytic.) On request, the FRA generates a wide variety of computer listings for States, railroads, and local communities

to assist them with both project selection and program assessment.

SENATOR LAUTENBERG: Has FRA ever considered a rulemaking in the rail-highway crossing area? If so, what were the considerations? If not, why not?

ANSWER: In 1976-1978, the Federal Railroad Administration studied the advisability of imposing Federal standards for maintenance, inspection and testing of rail-highway crossing warning devices. Administrator Jack Sullivan analyzed 22,625 accident histories, and determined that the number of cases in which there was an allegation that an active warning device had malfunctioned in some manner was a fraction of 1 percent. On this basis, the Department decided against imposing a Federally mandated program of testing and inspection.

FRA recently repeated the analysis performed during the Carter Administration on a more recent sample to determine whether the conclusions reached in 1978 were valid today. In updating the 1978 analysis, FRA screened 21,370 accident reports from the years 1981, 1982, and 1983. Between 1978 and 1981, the number of crossings equipped with active warning devices increased by 2,785 or 5.4 percent. Between 1981 and 1983, the number again increased by 1,891 or 9.1 percent from the 1978 base. By creating more automated crossings, this tended to bias the numbers upward. Conversely, however, the total number of crossing accidents declined sharply (39.6 percent) from 1976-1978 to 1981-1983, which tended to decrease the numbers. As a consequence, we believe the samples are reasonably comparable.

Of the 21,370 cases, we found only 32 (fifteen one-hundreths of one percent) in which an equipment failure of some form had occurred. In two additional cases, vandalism was a possible causative factor. To ensure that we would not bias the analysis, in each of the 32 cases where there was an equipment failure, we assumed that the malfunction was in fact a contributing cause of the accident. A brief review of the cases suggests that may be an unnecessarily pessimistic assumption, and as a consequence, we believe the fifteen one-hundreths of one percent figure should be viewed as a "worst-case" figure.

These figures have led us to conclude that the Carter Administration was correct in determining that the establishment of a federally mandated testing and inspection program for rail-highway crossings equipped with automated warning devices would be a poor use of safety resources.

Our review of the 1981-1983 data did reveal one interesting and troublesome fact. We determined that there were 85 accidents over the 3-year period due to "intended non-operation"--i.e., accidents that occurred due to the disabling of signals during testing or maintenance, or accidents occurring due to the presence of insulated maintenance-of-way vehicles at an

intersection. These are operating practice accidents, and they concern us. We have initiated discussions with the Association of American Railroads to determine what measures can be taken to eliminate or at least reduce exposure to these kinds of occurrences. It is interesting to note, however, that more accidents occurred in situations where automated warning devices were intentionally rendered non-operative by testing, maintenance, or the movement of insulated track vehicles than occurred in situations in which there was an allegation of equipment failure.

Also in 1978, the FRA initiated a rulemaking procedure by issuing an Advanced Notice of Proposed Rulemaking (ANPRM) to determine whether Federal regulations should be issued to require a locomotive to have an alerting light to warn motorists of an approaching train. Although the majority of comments at the hearing were negative, FRA determined that the concept of an alerting light warranted further exploration. A Notice of Proposed Rulemaking (NPRM) was issued in 1979 which proposed the use of strobe lights on locomotives at public rail-highway crossings.

The industry's response to the strobe light proposal was overwhelmingly negative. Questions were raised about the effectiveness of strobe lights, the costs involved, and the reliability of the strobes. FRA withdrew the strobe light NPRM in 1982 in favor of a second NPRM which was not restricted to strobe lights, but included a proposal to allow a variety of types of alerting lights on locomotives. This enabled the FRA to focus on the more basic issue of whether alerting lights were indeed effective.

The notion of a flashing light on a leading railcar, in addition to the standard headlights, to make the train more conspicuous is not new. Some railroads have used oscillating headlights on locomotives for decades. More recently, other alerting light devices (strobe light, beacon lights, and sequentially flashing lights) have been used by railroads.

The FRA began its analysis in the rulemaking proceeding with the assumption that an alerting light would make a locomotive more visible, and thereby reduce the number of rail-highway crossing accidents. This assumption has been neither validated nor justified.

FRA compared the safety records of railroads that equip all locomotives with alerting lights to railroads that do not have locomotives equipped with alerting lights. The FRA found no evidence that alerting lights reduce crossing accidents. On the contrary, the group of railroads using the alerting lights had a slightly higher accident rate at rail-highway crossings than the group without the lights. The only affirmative conclusion that can be drawn from the study is that alerting lights have had little or no discernible effect on the frequency of crossing accidents.

The dramatic decline in the accident rate, when combined with the lack of evidence for demonstrating any positive safety benefits of alerting lights, had led the FRA to conclude that a Federal regulation could not be justified.

The FRA has also thoroughly analyzed the issue of requiring the installation of reflective material on railroad freight cars. The results are contained in an FRA report, published in 1982, titled, "Freight Car Reflectorization."

Reflective material tests were conducted on the Canadian National and Boston and Maine Railroads. These tests showed a sharp decline in reflective quality a short time after installation. The study documented that reflective intensity is reduced to 23, 14, and 5 percent after 6 months, 1 year, and 2 years, respectively, of installation. The report estimated the cost of equipping the 1.7 million unit freight car fleet at $70 million annually. These costs include material acquisition, installation, and recording.

In addition to the testing, the report documented an analysis of all crossing accidents that occurred during the 6-year period from 1975 through 1980. The analysis began by eliminating accidents that occurred in daylight hours, when a vehicle was struck by a train and other accidents that would not have been affected by reflectorization. After making these cuts, 14.6 percent of all grade crossing accidents remained for further review. Making further reductions for accidents that occurred at crossings with active warning devices--gates, flashing lights and bells, where a vehicle struck a locomotive, and other accidents unlikely to be affected by reflectors--less than 3 percent of all crossing accidents remained for study. The report recognized that many of these accidents would continue to occur because of driver intoxication, fatigue, inattention or incapacitation; vehicle speed; geometry of the crossing; and function of the vehicle's headlights. The bottom line is that very few accidents are likely to be affected by reflectorization, the cost far exceeds the benefits, and other approaches to the rail-highway crossing problem are more effective.

SENATOR LAUTENBERG: How many rail-highway crossings are there by State? How many crossings have no automatic signals in place (i.e., bells, lights, or gates)?

ANSWER:

TOTAL PUBLIC AND PRIVATE CROSSINGS BY STATE AND TYPE

State	Public At Grade	RR Under	RR Over	Private	Pedestrian	Total
Alabama	4,759	501	192	2,476	34	7,962
Alaska	199	11	1	112	7	330
Arizona	1,002	84	80	874	7	2,047
Arkansas	3,538	174	124	1,653	15	5,504
California	8,915	935	567	5,579	255	16,251
Colorado	2,342	199	111	1,686	13	4,351
Connecticut	504	332	256	474	54	1,620
Delaware	260	44	56	175	4	539
Dist of Columbia	56	30	38	15	13	152
Florida	4,498	193	78	1,670	47	6,486
Georgia	6,836	576	258	3,090	39	10,799
Hawaii	6	---	---	---	---	6
Idaho	1,860	95	62	1,665	10	3,692
Illinois	12,220	984	1,974	7,221	418	22,817
Indiana	8,927	496	634	3,671	123	13,851
Iowa	6,380	500	364	4,580	62	11,886
Kansas	9,160	348	216	4,662	36	14,422
Kentucky	3,610	470	483	3,783	114	8,460
Louisiana	4,663	217	129	3,921	46	8,976
Maine	1,000	125	79	1,088	13	2,305
Maryland	940	330	212	816	26	2,324
Massachusetts	1,200	796	436	588	102	3,122
Michigan	7,799	361	414	3,441	109	12,124
Minnesota	6,558	515	406	4,125	82	11,686
Mississippi	3,249	242	116	2,769	20	6,396
Missouri	5,870	712	443	4,441	100	11,566
Montana	1,779	137	84	2,435	21	4,456
Nebraska	4,759	223	146	3,441	23	8,592
Nevada	348	50	37	284	2	721
New Hampshire	657	159	66	522	23	1,427
New Jersey	2,111	545	738	730	125	4,249
New Mexico	820	68	79	590	4	1,561
New York	3,960	1,382	1,127	3,563	301	10,333
North Carolina	5,490	525	301	4,299	76	10,691
North Dakota	5,263	83	90	2,579	36	8,051
Ohio	8,938	1,206	1,177	5,205	106	16,632
Oklahoma	4,965	269	204	1,933	20	7,391
Oregon	2,798	290	177	3,332	106	6,703
Pennsylvania	6,472	1,658	1,989	4,101	339	14,559
Rhode Island	132	101	43	81	4	361
South Carolina	4,332	403	131	1,789	17	6,672
South Dakota	2,636	102	58	1,657	7	4,460
Tennessee	4,136	516	500	2,408	37	7,597
Texas	14,074	816	801	7,267	52	23,010
Utah	1,325	126	53	972	7	2,483
Vermont	600	78	84	789	51	1,602
Virginia	2,626	642	480	3,748	69	7,565
Washington	3,854	394	341	4,020	117	8,726
West Virginia	2,430	291	379	2,939	110	6,149
Wisconsin	5,884	457	353	3,678	166	10,538
Wyoming	588	102	54	997	8	1,749
Puerto Rico	55	---	---	2	---	57
Total	197,383	19,893	17,221	127,936	3,576	366,009

TOTAL CROSSINGS BY WARNING DEVICE CATEGORY AND STATE

WARNING DEVICE CATEGORY

State	Gates	Flashing Lights	Hwy.Sig. Wigwags Bells	Special	Cross-Bucks	Stop Signs	Other Signs	No Signs or Signals	Total
Alabama	188	621	22	56	3,336	72	10	454	4,759
Alaska	4	52	---	14	122	1	---	6	199
Arizona	253	94	13	87	529	3	---	23	1,002
Arkansas	229	460	18	86	2,579	9	---	157	3,538
California	2,980	1,169	412	201	3,854	87	19	193	8,915
Colorado	195	337	41	68	1,555	26	1	119	2,342
Connecticut	51	170	8	93	65	9	2	106	504
Delaware	30	98	2	41	82	1	---	6	260
Dist of Columbia	---	3	---	7	15	11	---	20	56
Florida	1,865	761	15	102	1,656	8	4	87	4,498
Georgia	840	525	22	173	4,799	10	11	456	6,836
Hawaii	---	---	---	---	6	---	---	---	6
Idaho	70	206	9	21	1,294	74	5	181	1,860
Illinois	1,878	2,827	193	296	6,512	4	5	505	12,220
Indiana	844	2,156	144	261	4,921	73	11	517	8,927
Iowa	501	1,058	79	82	4,439	5	2	214	6,380
Kansas	456	762	85	253	7,374	2	2	226	9,160
Kentucky	266	747	34	110	2,021	5	---	427	3,610
Louisiana	252	771	12	70	3,124	28	22	384	4,663
Maine	65	376	1	134	409	---	4	11	1,000
Maryland	81	201	28	63	379	26	16	146	940
Massachusetts	188	454	38	229	235	2	3	51	1,200
Michigan	672	1,832	67	242	4,769	14	13	190	7,799
Minnesota	336	852	16	52	5,041	49	3	209	6,558
Mississippi	63	373	17	60	2,113	274	11	338	3,249
Missouri	365	1,147	111	142	3,682	15	2	406	5,870
Montana	139	202	3	28	1,277	4	---	126	1,779
Nebraska	440	454	21	20	3,621	6	2	195	4,759
Nevada	76	47	1	6	182	---	7	29	348
New Hampshire	26	154	16	165	260	9	4	23	657
New Jersey	382	658	27	386	535	6	3	114	2,111
New Mexico	151	103	7	11	526	---	5	17	820
New York	793	1,116	97	413	1,311	2	47	181	3,960
North Carolina	679	783	32	243	3,222	19	20	492	5,490
North Dakota	265	171	2	4	4,516	3	---	302	5,263
Ohio	818	2,134	72	104	5,426	12	13	359	8,938
Oklahoma	266	726	37	142	3,634	3	8	149	4,965
Oregon	341	165	68	115	1,687	91	11	320	2,798
Pennsylvania	645	1,323	117	776	2,556	71	416	568	6,472
Rhode Island	9	23	19	33	22	5	2	19	132
South Carolina	322	548	6	338	2,843	---	16	259	4,332
South Dakota	2	180	2	2	2,354	---	1	95	2,636
Tennessee	195	672	19	276	2,174	26	2	772	4,136
Texas	1,452	2,481	98	165	8,976	26	16	860	14,074
Utah	100	212	9	99	753	6	46	100	1,325
Vermont	28	208	3	58	281	1	6	15	600
Virginia	567	523	19	212	1,117	1	3	184	2,626
Washington	171	502	52	73	2,561	20	6	469	3,854
West Virginia	152	427	8	49	1,459	8	5	322	2,430
Wisconsin	364	1,286	292	207	3,516	1	3	215	5,884
Wyoming	70	122	2	4	353	2	2	33	588
Puerto Rico	4	1	2	48	---	---	---	---	55
Unknown	---	---	---	---	---	---	---	---	---
Total	21,129	33,273	2,418	6 920	120,073	1,130	790	11,650	197,383

NOTE: "Special" are warning systems that are not train activated, such as, a crossing being flagged by a member of the train crew.

RAIL-HIGHWAY CROSSINGS

SENATOR LAUTENBERG: Railroad engineers cite grade crossings as one of the most potentially dangerous conditions on the job, and one of the most stressful. Is research in this area necessary for both engineers and the accident victims?

ANSWER: We too, continue to be concerned about accidents at rail-highway crossings. Despite enormous reductions in both accidents and casualties, crossings continue to pose a hazard to train operations. The key to reducing the incidence of crossing accidents is through continued warning device improvements and through driver education. Enhanced warning devices will help to alert drivers to the existence of a rail-highway crossing and the impending presence of a train. Finally, society has to teach drivers the proper response to, and respect due, such warnings. The driver must avoid becoming an accident statistic.

In the area of research, the FRA is developing an assessment tool for current and prospective engineers which will include a measure of their abilities to cope with a range of job requirements including stress attributable to crossings, crossing near misses, and crossing accidents. (Public education is a challenge here as well. Following an accident, many, from investigators to the media, consider and refer to the individual at the train's controls as "the engineer," while the individual driving an automobile is "the victim." In reality, both are accident victims.)

SENATOR LAUTENBERG: Does Operation Lifesaver educate local police authorities to the grade crossing problem?

ANSWER: The education of local police authorities is included as part of the FRA's support to the Operation Lifesaver program. The FRA believes that increased awareness and attention by law enforcement agencies to violations of grade crossing warnings by motorists will be of significant benefit in deterring hazardous motorist actions at grade crossings.

ADMINISTRATION'S RAIL SAFETY LEGISLATION

SENATOR LAUTENBERG: User fees expected in the proposed legislation amount to $9,299,000 in fiscal year 1988, $18,000,000 in fiscal year 1989, and $41,725,000 in fiscal year 1990. How and why were these amounts chosen as the yearly targets? On what basis were these estimates made? That is, how would the user fees be assessed?

ANSWER: These amounts were chosen to provide a phase-in period leading to full coverage of the costs of administering the federal railroad safety program through user fees. The fees, which would be assessed against railroads subject to the Safety Act, would be assessed on a fair basis that reflects relative usage of the railroad system, such as track miles,

revenue ton-miles, passenger miles, revenues, and other relevant factors, or an appropriate combination thereof.

SENATOR LAUTENBERG: How much time and money (resources in general) are expended by the FRA on law suits and controversial issues ". . . . not related to its mission."?

ANSWER: In recent years, FRA has been forced to expend very significant amounts of time and resources in defending the agency against seventeen lawsuits brought by rail labor since 1981. None of these suits can be said to be utterly unrelated to issues arising from FRA's mission. However, they have all too often constituted an attempt to use the rail safety program to further an economic agenda. While FRA has been enormously successful in this litigation, the price necessarily paid for this success has been the diversion of inordinate amounts of time and energy from its true mission to promote rail safety.

If rail labor's legislative proposal to expand its standing beyond that necessary to protect it from imminent hazards becomes law, FRA expects to see more -- much more -- of the same. The effect on FRA's safety program is likely to be dramatic and damaging.

SENATOR LAUTENBERG: Does FRA believe that accident reports now filed by railroads are less than candid because of the possibility they could be used in private litigation?

ANSWER: Use of these reports in private litigation is expressly prohibited by the Accident Reports Act, 45 U.S.C. § 41. Nevertheless, courts have not strictly construed this statute with respect to either FRA or railroad reports and have permitted the use of railroad reports at least for the purpose of impeachment. In addition, of course, railroads have a well founded fear that their reports to FRA may be used as admissions as to either facts or cause. FRA is concerned that any use of these reports in private litigation may discourage the accurate reporting of accidents and injuries. FRA is heavily reliant on frank disclosures of fact and opinion contained in these reports in determining where the greatest rail safety problems lie. Accordingly, the Administration's bill includes a provision that would clearly bar their use in private litigation.

PROPOSED NECIP PROJECTS

SENATOR LAUTENBERG: Included in this request is $32.7 million of currently authorized Corridor projects and $21.5 million for safety-related projects including $14.3 million for signal system upgrades, $4.5 million for passenger car modifications, and $1.5 million for event recorders and cab signal test boxes. Given your review of Corridor operations following the January 4th accident, how would you advise the Committee on this request? Do you believe the safety related improvements need to be made?

ANSWER: We do not disagree that work of this kind will be needed. The Northeast Corridor Improvement Project (NECIP) is finished, however, and we would propose that this work be funded from Amtrak corporate capital funds or by

Amtrak's successor. Folding projects on the Northeast Corridor into Amtrak's other capital projects will assure that the corporations's limited capital funds will be spent on the highest priority projects.

AMTRAK ASSET SALE

SENATOR LAUTENBERG: Mr. Riley, did the Department of Transportation or the OMB come up with the plan to sell Amtrak's assets?

ANSWER: The idea to sell Amtrak came from OMB. The Department helped develop it into the proposal we make now.

SENATOR LAUTENBERG: How was the estimated "sale value" of $1 billion derived?

ANSWER: It is difficult to estimate the market value of Amtrak. However, the book value of Amtrak's assets exceeds $3.8 billion, and the depreciated value of the Northeast Corridor alone is $2.4 billion. Amtrak had over $300 million in cash and accounts receivable at the end of January 1987. Amtrak has valuable real estate such as Penn Station in Manhattan, 30th Street Station in Philadelphia, and Union Station in Chicago that would have great value for potential center-city development. This, plus the value of Amtrak's rolling stock and other real estate, plus the value of the Northeast Corridor as an assembled right-of-way between major northeastern population centers, should easily exceed $1 billion.

SENATOR LAUTENBERG: If such a proposal is seriously pushed, what protections would it have for all the State and local authorities that have made investments into stations and other capital improvements?

ANSWER: I do not see a Federal role, but we would look to the Amtrak Commission for advice on the treatment of non-Amtrak owned stations under a transfer to private ownership. We would expect that Amtrak's successors and local owners would reach agreement on the continued use of the stations in passenger service. It is important to give local communities the time and an opportunity to protect their interests in case service should be reduced or discontinued.

AMTRAK COMMISSION

SENATOR LAUTENBERG: The Secretary, when she was before the Subcommittee, suggested that a commission was needed to take a fresh look at Amtrak's position and explore other avenues of revenue for Amtrak. Mr. Riley, have you discussed this idea with the Secretary?

ANSWER: Yes, I think it is appropriate to have a body of independent experts focus on ways to eliminate the need for Federal funding of Amtrak. Our discussions focused on the need for expanding ridership and accelerating growth in revenues from real estate, mail and express services, and

fiber optics leases and other revenue enhancement activities.

SENATOR LAUTENBERG: I am concerned that this Commission would only serve to undermine Board policy and decision making. What would this Commission do differently than the present Board of Directors?

ANSWER: The two have different functions and responsibilities. The Board of Directors establishes policy and directs the execution of that policy in the operations and financing of Amtrak operations. The Commission is strictly advisory, charged with determining how to end Federal financial involvement in Amtrak. The Commission can only make recommendations and has no direct power over the Board's policies or decisions.

SENATOR LAUTENBERG: Doesn't the Board of Directors regularly examine the Amtrak route structure; investigate other ways to earn revenue, like real estate development; and submit an annual proposal that suggests necessary legislative changes to benefit Amtrak operation?

ANSWER: Yes, but the Board of Directors is not charged with ending Federal funding of Amtrak to the private sector as is the Commission's mandate. In carrying out this mandate, I would expect that the Commission will want to review the results of past route examinations, revenue development activities and other actions by the Board or management germane to the privatization of Amtrak.

SENATOR LAUTENBERG: Who would serve on this Commission and what knowledge or experience would they offer that is not now reflected on the Board?

ANSWER: The new Commission will be chaired by Richard Ogilvie, former Governor of Illinois, and will also include Philip Abrams, President, Philip Abrams and Associates, Inc., and former Under Secretary of the Department of Housing and Urban Development; Dr. John "Jack" Albertine, Vice Chairman of Farley Industries and former President of the American Business Conference; The Honorable James Broyhill, former U. S. Senator and Congressman from North Carolina; Richard Fink, President and Chief Executive Officer of Citizens for a Sound Economy; Ed Feulner, Jr., President of the Heritage Foundation; W. Grant Gregory, former Chairman of Touche Ross and Co.; and Carolyn Kuhl, Partner, Munger, Tolles and Olson; Stephen M. Wolf, Chairman and Chief Executive Officer of Flying Tiger Line; Jim Tozzi, Director, Multinational Business Services; and Robert Woodson, President, National Center for Neighborhood Enterprise, Washington, D.C.

Questions Submitted by Senator Harkin

LOCAL RAIL SERVICE ASSISTANCE PROGRAM

(LRSA)

SENATOR HARKIN: In light of the continuing needs for rail rehabilitation funding and the commitment of the states to participate with the Federal Government to meet these needs, should not the Local Rail Service Assistance Program be continued with adequate funding to meet identified needs?

ANSWER: Increasingly, branchline rehabilitation needs are being financed independently by the states and through the private sector. A recent survey by the Association of American Railroads has identified 26 states with their own independently funded rail freight assistance programs. With other sources of financing available and the need to reduce the Federal deficit so critical, we cannot afford to continue funding the Local Rail Service Assistance Program.

STATE SAFETY INSPECTION PROGRAM

SENATOR HARKIN: The original FY 1988 Budget did not include funding for State reimbursement. Am I correct that the Administration has recently included funding for this program in the FY 1988 budget? In FY 1986 the States received reimbursement for only 39 percent of their costs. Will the States be able to count on the full 50 percent for FY 1987 and FY 1988 as provided in the program?

ANSWER: The Department of Transportation has amended its FY 1988 budget request to Congress to fund the State Rail Safety Grant Program at $1.35 million, the same funding level as appropriated in FY 1987. At this funding level, FRA can fund approximately 22 percent and 19 percent of total program costs in FY 1987 and FY 1988, respectively.

Question Submitted by Senator Weicker

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

SENATOR WEICKER: As you know, the delay in constructing the Stamford Transportation Center has been a great inconvenience to the residents of Stamford and the surrounding communities. I would appreciate it if you could update me on the progress of the station for the record and provide the committee with the proposed schedule of construction.

ANSWER: Stamford station construction is on schedule. The 850 space parking garage will be dedicated on March 27, 1987. The new station itself will be opened to serve the traveling public late this year, with all work completed by the spring of 1988.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

DRUG TESTING IN RAIL INDUSTRY

SENATOR D'AMATO: Administrator Riley, it is clear to me that there exists support in the Senate for some form of drug testing legislation. I know the Administration supports the Danforth and Hollings bills . . . which provide for random testing. I am also aware that labor continues to oppose random testing, both on constitutional grounds, as well as concern that employees will be harassed by management. Concern has been raised about the reliability of test results, as well as the need for adequate counseling and rehabilitation. We are embarking on important new ground with random drug testing. Please tell me how the Administration will meet these deep-rooted concerns of labor?

ANSWER: Random testing is a complicated legal and policy issue. When FRA issued its current rule in August 1985, we noted that we were leaving the door open to expansion of the rule to include random testing if that measure appeared necessary after gaining experience under our rule.

I have concluded that, while our current rule has resulted in substantial improvement in the drug and alcohol picture, even the reduced rate of substance abuse in the rail industry presents a safety problem. Random testing is one likely solution to that problem, as its deterrent effect could make an important difference. Testing under our current rule is based on the occurrence of an event (e.g., an accident or behavior providing reasonable cause) that substance abusers may believe they can avoid. Random testing, however, presents the user with an added risk of detection regardless of his or her behavior, which may provide the incentive necessary to cease the pattern of abuse.

Judging from labor's ongoing legal challenge to testing under our current rule, we anticipate that labor will also challenge the constitutionality of random testing. However, we are well aware of the valid constitutional concerns surrounding testing, and our random testing rule will be crafted so as to satisfy the Fourth Amendment's requirement of reasonableness. That is, our rule will be objectively random (i.e., based on neutral, objective selection criteria) rather than permitting unfettered discretion by those who select employees for testing. In designing such a neutral system, we would make every effort to limit as much as possible the imposition on employees and the costs on railroads, insofar as these goals can be accommodated in an effective program.

As for labor's other concerns, our random testing rule will address them in the same way our current rule does:

- Harassment. It is generally a violation of FRA's rule for a railroad to perform tests under authority of our rule when not permitted by the rule. I am sure that our random testing rule would have a similar provision, with allowance only for innocent mistakes, and with heavy penalties for purposeful abuse. As discussed above, our random testing system would have to be objectively random to survive constitutional review. Accordingly, any fears

labor may have about our permitting subjective selection of employees for testing are completely unfounded.

- Reliability of tests. Concerns about unreliable tests are generally based on false positives on screening tests. However, FRA's rule in effect today requires confirmation of positive screening tests by scientifically recognized methods that, when used by a competent laboratory, virtually rule out the possibility of false positives. Our rule also requires that only competent labs that participate in a quality control program may be used. These safeguards will certainly be part of our random testing rule.

- Counseling and rehabilitation. FRA strongly supports expansion of voluntary programs (such as Operation Red Block) that rely on education, counseling, and rehabilitation, and we have worked with the industry to encourage participation by all companies. However, to the extent substance abuse continues in the rail industry and is a threat to public safety, these programs alone do not have a sufficient deterrent capability. Of course, our existing rule requires that railroads have programs that give a troubled employee the opportunity for counseling and rehabilitation based on self-referral or co-worker referral.

SENATOR D'AMATO: Will the Administration support penalties against employers who utilize drug testing to reduce or harass the workforce?

ANSWER: As discussed above, our random testing rule, like our current rule, would prohibit testing used to harass employees and contain stiff penalties for any such behavior we could prove. Although testing may result in separation from the workforce of employees who are subject to termination for alcohol or drug abuse, I do not see how testing can be used to accomplish specific reductions, as testing under our rule could occur only as permitted by the rule.

AMTRAK ELIMINATION

SENATOR D'AMATO: Administrator Riley, Congress has repeatedly rejected the Administration's proposal to eliminate Amtrak support. Yet once again, OMB proposes zero funding for Fiscal Year 1988. What was FRA's budget request to OMB?

ANSWER: The Secretary proposed a budget of $478 million, based on preserving current operations, but making some cost savings and revenue improvements that would reduce Amtrak's subsidy needs. Although the idea for the current proposal originated at OMB, the proposal was jointly developed by the Department and OMB.

SENATOR D'AMATO: Metroliner ridership is increasing; (in fact, Amtrak carries more passengers than any airline between New York and Washington). Air delays in the New York

area are at critical levels; and the prospects to significantly increased highway capacity are nil. What multi-modal analysis has been conducted by the DOT to assess the safety and efficiency ramifications of 10 million more travelers in the skies? What analysis has been conducted of National Airport slots available during peak hours to absorb 40 additional arrivals and departures?

ANSWER: The Department reviewed 1986 air traffic in the Northeast Corridor and found that of the 7.3 million seats on commercial flights between Washington, D.C. and New York City, 45 percent or 3.3 million were empty. Thus, the approximately 1.3 million Amtrak passengers between New York City and Washington, D.C. could be carried in the empty seats of existing flights.

NEW YORK TO BOSTON TRAINS

SENATOR D'AMATO: Have you analyzed the report prepared for the Coalition of Northeastern Governors calling for improved high-speed service in the New York-Boston Corridor? What financing options are available to Amtrak and/or the States to make these necessary capital improvements, intended to relieve highway and airway congestion?

ANSWER: Yes, we have reviewed the report. It presents some interesting lower cost alternatives to massive investments in electrification and right-of-way rebuilding. However, these are regional improvements and the Northeastern Governors should not look to Amtrak or the Federal Government for financing. I would encourage the States whose citizens would be the primary beneficiaries of these improvements to accept financial responsibility using their own resources or in partnership with private investors.

SENATOR D'AMATO: Does Amtrak's FY 1987 $18 million capital budget provide sufficient resources for safety equipment, especially in the Northeast Corridor? If not, please indicate in detail what supplemental funds are necessary. To what extent is the increased capital request for Fiscal Year 1988 necessary to make safety investments in the Corridor?

ANSWER: Amtrak's available FY 1987 capital funding is actually $56.4 million: $18 million from the FY 1987 capital grant, plus $38.4 million from revenue enhancement projects. Amtrak can fund all essential NEC safety projects from FY 1987 capital funds.

NEW YORK IMPACT

SENATOR D'AMATO: What would be the estimated cost to New York of absorbing the cost of the Corridor, if Amtrak were sold? Provide an analysis of the New York impact of Amtrak elimination in the following areas:

- Jobs (Amtrak and related)
- Commuter access to employment centers

° Related modes (airport and highway capacity investments)

ANSWER: We believe that most Corridor service would be continued, because beneficiaries of the Amtrak system, such as the commuter agencies would have an incentive to keep Amtrak operating rather than letting it be liquidated. For instance, it would cost freight operators and commuter agencies an additional $212 million annually to provide current service in the absence of a Corridor operation; by contrast the additional annual cost to continue Corridor operations would be approximately $185 million plus capital requirements. Thus, most of the approximately 2,400 Amtrak jobs in New York would be preserved. The Corridor trackage rights would continue to be available to commuter agencies. We do not believe that our proposal would result in a need for additional highway or airport facilities.

AUTOMATIC TRAIN CONTROL

SENATOR D'AMATO: After the January 4 crash, the National Transportation Safety Board recommended that Amtrak require the installation of automatic speed control or automatic train control devices on locomotives using the Corridor. (Amtrak is already so equipped) yet, in response to my question about the timing of this safety requirement, Amtrak has responded that its efforts will need "to be bolstered by the imposition on these other carriers of statutory or regulatory requirement to make this installation." What regulations is FRA considering to aid Amtrak with imposition of this requirement? Is a legislative requirement part of the Administration's proposed rail safety legislation? If not, please explain. What discussions has UMTA conducted with the commuter agencies using the Corridor to explore Federal assistance for the installation of these devices?

ANSWER: We are considering and planning to issue a regulation requiring the use of automatic train control (ATC) devices on every locomotive on the Northeast Corridor. There is nothing in our legislative package as FRA can require the installation of automatic speed control or automatic train control devices under the authority of the Signal Inspection Act and the Railroad Safety Act of 1970, if found necessary in the public interest and the cost impact was effective. The issues in imposing such a requirement, however, are complex and involve major expense.

My staff has been advised by UMTA personnel that New Jersey transit has requested assistance to equip all vehicles operating on the Corridor with ATC by 1991, but that SEPTA has made no request for funds.

SENATOR D'AMATO: What discussions has UMTA conducted with the commuter agencies using the Corridor to explore Federal assistance for installation of these devices?

ANSWER: My staff has been advised by UMTA personnel that New Jersey Transit has requested assistance to equip all vehicles operating on the Corridor with ATC by 1991, but that SEPTA has made no request for funds.

SAFETY

SENATOR D'AMATO: Administrator Riley, I am concerned by the following sentences in your statement.

> "The federal government has only limited resources to devote to railroad safety." (p. 2)
>
> "Our bill, the Rail Safety Authorization Act, would authorize user fees to be assessed on the railroad industry for funding the entire costs of FRA's safety program by FY 1990."

This policy position is wrongheaded. You and the Secretary have stated repeatedly that safety has not been deregulated and remains a federal responsibility.

Was this user-fee financed safety program your idea, or OMB's?

(Note: Aviation inspectors are in the FAA "Operations" account funded by both general and trust fund. The "user fees" though, are predicated on controlling traffic, not safety inspections.)

ANSWER: The first statement you quote is a statement of fact, not policy. The Federal government has limited resources to devote to rail safety within the total spending limits and competing with other high priority needs, but those resources have not been reduced and safety has certainly not been deregulated.

The Administration's proposal for user fees originated at OMB. OMB's policy is that FRA should assess fees equal to our appropriation request starting in FY 1990.

OFF-PEAK FREIGHT MOVEMENTS

SENATOR D'AMATO: At the subcommittee's January 21 hearing into the tragic Conrail train crash, the FRA Administrator and the Amtrak and Conrail Presidents agreed to meet to restrict freight movements during periods of heavy Amtrak passenger service in the Corridor. What is the result of these consultations?

ANSWER: Amtrak, Conrail and other freight railroads have been meeting since the Chase, Maryland accident. As a result of these consultations, two freight trains have been rerouted. Amtrak has also put 30 mph speed restrictions on freight traffic on the Northeast Corridor between 6:00 a.m. and 10:00 p.m.

Negotiations are continuing about rerouting additional freight trains off the Corridor and separating freight trains from passenger trains. Conrail has engineered and is developing plans to build a connection between the Corridor and the CSX route near Perryville which would permit the rerouting of most of its traffic to Harrisburg.

D&H/CONRAIL TRACKAGE RIGHTS

SENATOR D'AMATO: Please comment on the proposal, by the Delaware and Hudson, to amend the rail safety bill to provide the D&H with trackage rights from Harrisburg, Pennsylvania, to Hagerstown, Maryland. Is this proposal integral to removing freight from the Corridor?

ANSWER: The Delaware and Hudson (D&H) operates four trains a day which utilize trackage rights over Conrail and over Amtrak's Northeast Corridor. These account for about 13 percent of remaining freight train miles on the Corridor. Rerouting them would thus represent a significant reduction in freight usage of the Corridor. We have encouraged Amtrak to seek such reductions, though we have had some reservations because of the shifting of freight tonnage from a completely grade separated Northeast Corridor to routes with grade crossings. The routing proposed would have D&H utilize about the same mileage over Conrail, but over a different route and to different interchange points with other railroads.

Although the proposed routing would seem to be a logical way of rerouting a significant portion of Corridor freight, we would prefer to see the parties negotiate equitable terms.

SECTION 505 PROJECT

SENATOR D'AMATO: Provide a status of the loan application for the New York, Susquehanna and Western Railway Corporation in New York. What would be the impact on this project of the Administration's proposed deferral of section 505 funds to fund Fiscal Year 1987 supplemental costs?

ANSWER: A financing agreement committing $4.1 million of section 505 funds was executed with the New York, Susquehanna and Western Railway Corporation (NYS&W) on September 30, 1985. Through February 1987, $1.9 million in drawdowns was provided to the NYS&W under this agreement. The proposed transfer of section 505 funds would have no impact on the remaining $2.2 million which is available to the NYS&W for completion of the railroad's project, nor on any agreement with other recipients under which funding has already been committed.

NATIONAL RAILROAD PASSENGER CORPORATION (AMTRAK)

STATEMENT OF W. GRAHAM CLAYTOR, JR., PRESIDENT AND CHAIRMAN OF THE BOARD

ACCOMPANIED BY CHARLES HAYWARD, VICE PRESIDENT, FINANCE

OPENING REMARKS

Senator LAUTENBERG. We will now call on Mr. Claytor.

We welcome you as usual. Your unique insights into the industry and particularly Amtrak, the railroad for which you are responsible, are always very helpful, and we look forward to hearing from you.

Before, however, we give you a chance to testify, Senator D'Amato, the ranking minority member of this subcommittee, has a question or two that he would like to ask because he has another engagement. If you do not mind, we will go ahead with that.

ROME, N.Y., STATION

Senator D'AMATO. Thank you very much, Mr. Chairman. Mr. Chairman, let me say at the outset that Graham Claytor truly has done a magnificent job. With scarce resources he has really helped turn around the fortunes of Amtrak. I think I know the chairman shares my high regard for Mr. Claytor and his work. It has been a pleasure to work with you. There are lots of things that yet remain to be done, but with tough budget constraints there has been remarkable improvement of an ailing system.

Graham, I would like to bring up the question that is minor in nature of all of the problems that we have to deal with, but to a small community called Rome, the city of Rome, and I am not talking about the city where my grandfather was born, but, rather, the city of Rome, N.Y.

I have a communication at the end of last year that Amtrak wrote to Mayor Carl Eilenberg, of Rome, and he, Mr. Chairman, is "the voice of Syracuse." Mayor Eilenberg, for 25-plus years has been the announcer of the Syracuse football games; his is the voice that you hear. I mention that because the chairman has a daughter who is attending Syracuse University.

Senator LAUTENBERG. I have two kids in the neighborhood, as a matter of fact, and we listen to Syracuse radio all the time.

Senator D'AMATO. But Amtrak's letter stated that service discontinuance would result unless necessary station improvements were made. Obviously I think it is important to attempt to protect the Rome service. I am wondering if you could indicate to us what negotiations

have taken place to date, and if you could summarize that, and could I have your assurance that at least you will thoroughly consider the proposals for station improvements.

Mr. CLAYTOR. The problem we have there, Senator D'Amato, is that the old station is on two levels, the old station building, our engineering people tell me, has reached such a state of deterioration that it is dangerous to use. Things are likely to fall on passengers if they try to use it. It is an old New York Central station that was turned over to us. It would cost an enormous sum, I think approaching $1 million, to get that station fixed, our engineers say.

And I think it is just not feasible to do that. Now I have suggested three alternatives. It is possible that the community may do what has been done in the adjacent community of Utica by the county—take this building, rebuild it as a center of some type, a transportation center or another type of building, because it is far too big for the use as only our station as it is—and then we would be able to lease a portion of the station as it was rebuilt as a station and continue there. But we could not do that ourselves. There is no way Amtrak could provide the money to do something like that.

A second alternative that would involve less money, if that cannot be done by the community, would be to find a location nearby on which we could construct a small shelter, a separate place. We do not know of any such place—the community would have to find one, and we would have to see how we could go about it. One of the things Amtrak has done that has been most constructive from the standpoint of our budget has been to work with the communities all over our system to get the community to help with the station. And in many places the communities have now built completely new stations on their own, and we have leased a small portion to use.

A third possibility involves the new station that has been rebuilt by the county at Utica, only 13 miles away. An alternative would be to rename that Rome-Utica Station and use that for the two.

Senator D'AMATO. That is like saying that we will combine Syracuse and Cornell and we will name it Cornell-Syracuse.

Mr. RILEY. As a Cornell graduate I oppose that.

Mr. CLAYTOR. I recognize that, but it is really quite difficult in a high-speed intercity service to have stations as close together as 13 miles. It is very close. And that is a third alternative.

But what we cannot do is to take the totally inadequate capital funds that we have and spend half a million dollars or anything like that to try to either build a new station or fix the existing one. So we are at an impasse and we will do anything we can to work with the city that does not involve a lot of money.

Senator D'AMATO. I am going to thank my colleagues for giving me this opportunity to raise this issue. I suggest that it would be more appropriate if we could meet to discuss maybe a fourth alternative, which would be some kind of scaled down contribution and also some kind of help from both the county and the city to see if we cannot——

Mr. CLAYTOR. That is right. That is what we would like to do.

Senator D'AMATO. Then let me propose that we get in touch with one another and with the county and with the city and see if we cannot ameliorate that problem, with due consideration given to the budget constraints of the capital program. So we will get in contact with you.

Mr. Chairman, I want to thank you and Tom for giving me this opportunity.

Senator LAUTENBERG. Glad to do it. The notion that a railroad station out of town could be identified in some way as belonging to the community which it is designed to service is as absurd, very frankly, as having the New Jersey Giants called the New York Giants. [Laughter.]

Senator D'AMATO. Mr. Chairman, I will second that if we get that new station in Rome.

Senator LAUTENBERG. Thank you. Senator Harkin, do you have an opening statement that you want to give?

Senator HARKIN. Mr. Chairman, only to echo the sentiments of my colleague from New York in congratulating Mr. Claytor for a fine performance over the past few years. Amtrak has indeed come a long way. I was just reading ahead in your testimony when you say it is time to move beyond the question of whether Amtrak is going to survive and to start engaging in the debate of just how we are going to make Amtrak even more efficient.

So again I want to compliment you on really bringing Amtrak along. It has really come a long way.

Senator LAUTENBERG. By unanimous consent, the compliments to Mr. Claytor are ordered to be placed in the record and we invite you now to make your testimony in view of all that high praise.

STATEMENT OF MR. CLAYTOR

Mr. CLAYTOR. Thank you, Mr. Chairman.

First of all I would like to introduce Charles Hayward, our vice president of finance, on my left, who will hopefully be able to answer specific questions that are beyond me in connection with problems with the budget.

It is a pleasure and privilege to appear before this committee, as I have done a number of times before, and I would like to ask that my rather extensive statement be included in the record.

Senator LAUTENBERG. It will be.

Mr. CLAYTOR. I will not try to summarize it, but I will try to mention some principal parts in my opening statement. First of all, my statement covers five areas, and I am going to try to just refer to them rather than try to summarize them. I will leave the statement to speak for itself.

SALE OF THE NORTHEAST CORRIDOR

First, the proposal to phase out Amtrak and sell the Northeast corridor. I would be happy to answer any questions the committee has on that, but the zero budget for Amtrak was proposed and extensively considered and debated before the Congress in two successive sessions.

Included in those discussions was the suggestion that someone else operate the Northeast corridor.

It was not previously suggested that it be sold, but it was actually considered that someone might be willing to take it over and run it. No takers were found for that suggestion last year or the year before, and I feel that the only way you could possibly sell the Northeast corridor would be on the basis that service would be discontinued. If service were discontinued, any money that was received for the assets without the obligation to provide service would be more than eaten up by the labor protection costs that you would have to pay when you discontinued the service, and I think it is just a nonstarter and I would like not to discuss that any further at this point, except in answer to questions.

FINANCIAL AND PERFORMANCE IMPROVEMENTS

Next I have outlined in my statement extensive financial and performance improvements, and I will leave the statement to speak for itself on those rather than try to run through them, except to say one thing. My bottom line is the revenue-to-cost ratio, what a private railroad company would call its operating ratio, or as a bottom line its earnings per share for its stockholders.

The revenue-to-cost ratio is the proportion of our total operating costs that are covered by our own revenues. About 10 years ago that was around 42 percent. In 1986 it was 62 percent. This year it is going to be 64 to 65 percent, and we are going to pass two-thirds in fiscal year 1988. I think if we can continue to have capital improvements, which are significantly responsible for part of this, in the future I think we can take that ratio on into the seventies. It is not something you can turn around in a big way in 1 year, but a steady improvement is possible, and I hope we can keep it up.

REVENUE ENHANCEMENT

Third, I have outlined in detail what we call revenue enhancement—outside sources of revenue other than passenger. They are in three categories: real estate, the lease of our right-of-way for communications such as fiberoptics, and services performed for profit for the commuter railroads and subways.

For instance, we have assembled a large number of subway cars for the Washington subway system at our Beech Grove shop. We have taken over and operated the Maryland commuter service for several years, and on the first of January we took over the Massachusetts Bay Transportation Authority commuter service in Boston under a contract which provides that we are reimbursed for all of our expenses and will result in a profit. Those are additional revenues that will help reduce our needed subsidy.

COST SAVINGS

We have been repeatedly asked by various congressional committees to find new ways to reduce our costs and therefore reduce our sub-

sidies. We have responded in the ways I have just suggested, as well as with new and novel labor agreements in which we have broken new ground in providing that all of our operating employees are paid on an 8-hour-day, 40-hour-week basis, saving very substantial amounts of money. We did that in the Northeast corridor several years ago. That is now being extended to our routes throughout the United States, and that extension will be pretty much completed this year.

FEDERAL EMPLOYERS' LIABILITY ACT

But, having responded, I would now like to turn the tables a little bit and list some really large additional savings that could be made by Congress itself. First is in connection with the Federal Employers' Liability Act. If Amtrak's employees were put under state workman's compensation systems instead of the FELA, we would save, in my opinion, at least $20 million a year and our employees would be better off. We pay a substantial amount of that money to lawyers. This part does not get to any of the beneficiaries.

It is a system that depends on fault, so you litigate fault in every case, which puts the employee and employer against each other from the start. It completely eliminates the possibility of our doing anything important on rehabilitation, because the lawyer will tell his client do not do any of that because it will reduce your damages. I think now is the time for us to experiment by putting Amtrak under state workman's compensation laws, saving that money, reducing the Federal subsidy, and then using this as a testbed.

Arguments have been made that it ought to be done for the whole railroad industry. I think there is a cogent argument to be made to do it with Amtrak alone and let us test it out. You could even do it on a 2- or 3-year basis and provide that it should terminate unless Congress extended it. Let us see how it works with Amtrak as the experiment and save the money and try it out.

I think it will work for us. I believe it may or may not work for the whole industry. So let us try it.

Another item. Abolish punitive damage in personal injury cases, and crossing accidents in which Amtrak gets sued. Presently, if a jury feels that the plaintiff is particularly badly hurt or particularly needs help, it will add punitive damages on the ground that somebody did something very bad. Punitive damages are not permitted against the federal government under the Federal Tort Claims Act. Punitive damages are not permitted in personal injury actions against any of the major commuter agencies, such as New Jersey Transit. I think if punitive damages assessed against Amtrak are going to be paid by the government, the same rules should be applied to us. It would save a number of million dollars a year.

Senator LAUTENBERG. What is an estimate of that? Is there any experience to tell us?

Mr. CLAYTOR. I have not got the statistics, but I will submit for the record the punitive damages that have been awarded in cases that we

have had to pick up. You see, among other things, the negligence on which you base punitive damages is almost invariably the negligence of one of our contracting railroads, but we have to pick it up. And I think that ought to be terminated, and I will get the figures for you, Mr. Chairman.

[The information follows:]

Although Amtrak has never directly paid a punitive damages award, the availability of punitive damages exerts a significant adverse impact on the settlement value of tort claims against Amtrak.

RAILROAD RETIREMENT

Mr. CLAYTOR. Another item is railroad retirement. Amtrak is a relatively new organization. We have practically no people who are now collecting railroad retirement because they have not been with us long enough to retire. Yet it costs us an enormous figure to handle and pay all the railroad retirement costs as a railroad. If we switched our employees from railroad retirement prospectively to a combination of a pension plan—a funded pension plan that we would fund—and social security, we figure that it would save Amtrak and the government over $20 million a year and would also provide the employees exactly the same benefits they have today.

It would also be cheaper for the employees, because they would no longer have to pay railroad retirement taxes, either, so they would get the same benefits for less money and we would save the government $20 million. I think that really ought to be considered.

Senator LAUTENBERG. What is the cost to the railroad of the railroad's share of the retirement program?

Mr. CLAYTOR. Do you have that figure?

Mr. HAYWARD. Yes, sir; today the railroad pays 14.75 percent of the payroll to a certain level, which comes out to $4,800 per year that we pay into the railroad retirement system for each employee, and that is just for this tier II.

Senator LAUTENBERG. How many employees and what is the total?

Mr. HAYWARD. We are talking about over 20,000 employees, so in fiscal year 1988 we estimate that we will pay $100 million for the tier II. In addition, we pay $12.5 million for supplemental, yet we have almost no one in Amtrak who is going to receive any of that benefit.

And, for the record, the tier I or the social security equivalent, which we would keep, is $50 million.

Senator LAUTENBERG. We will talk about that in a minute. Thank you very much. Go ahead, Mr. Claytor.

Mr. CLAYTOR. We would save about $100 million to the company. Now we would use some of that in paying the supplemental pension. Our employees would in effect get a take-home pay increase because they could stop paying the additional railroad retirement, too.

RAILROAD UNEMPLOYMENT INSURANCE

Similarly, I would like to substitute state unemployment for the RUIA, the Railroad Unemployment Insurance Act, which we think could save $10 to $20 million a year. The administration has suggested something along this line for the whole industry, but I think we ought to immediately do it for Amtrak. It would give the employees the same benefits they have now at a vastly lower cost, and we just ought to do that.

GSA TRAVEL CONTRACTS

Finally, I would like to suggest that Congress ought to try again to force the General Services Administration to give us a fair break on government travel, particularly in the Northeast corridor. They refused to let us bid on this at all, and last year Congress included a provision that required them to let us bid. So we did bid, but they are rejecting practically all of our bids if they find that the airplane is at all faster. They just reject our bid out of hand, although our fares are far less and our time from downtown to downtown is comparable.

We think they are not giving consideration to the fact, for example, that the Metroliner is now the preferred way for most people to go between Washington and New York. Government people are not allowed to use that. The preferred method for government travel is by air from Washington to New York, and I think in these various routes we received the award in only 1 of about 10, and we were cheaper in most of those. I think Congress really needs to look at that further.

BUDGET REQUEST

Now, let us turn to the budget itself. We are asking for the full authorized amount of $630.3 million. That was the amount which has been authorized for the third year of a 3-year authorization.

For our operations, we expect to expend only $571.5 million, which is about $10.5 million less than in the current year, 1987, and the smallest operating grant in constant dollars since 1974. So we are, with the labor arrangements we are making and the other things we are doing, gradually cutting back our operating costs. We also will have $1.3 million in labor protection, which again is less than we have had in previous years.

What we are really looking for—what is represented by the difference between that figure and the $630 million—is capital. We are really hurting now for capital, and we have been during the last 2 or 3 years of the budget crunch. For example, the last year in which we really had a substantial capital grant was 1981, when we got $200 million of capital. A lot of the reductions in operating costs that we have today result from the investment of that $200 million back in 1981.

Only $18 million of grant money was included for capital in 1987. In 1988, we are therefore requesting the difference between our operating costs and the authorized amount, which comes to about $57.5 million of granted capital. We need this for a large number of things. In fact, our needed capital program would come to about $200 million and, of course, we have to prioritize that.

In prioritizing, we put new electric and diesel locomotives and rolling stock improvements near the top of the list. New maintenance facilities. Our maintenance facilities, for example, at Sunnyside Yard in New York and Los Angeles in California are grossly outdated. We need to bring them up to date. We have to replace track equipment that is wearing out and a number of other things.

But to us, that is the minimum capital with which we can get by without beginning to slide downhill, and that is why we have asked for the rest of the authorization.

Someone asked me, well, how did you happen to have the amount of capital that you asked for just come out to the authorization amount? We did not. What we really want for capital is far greater than that. What we did was to prioritize the items that would fit in within the authorization, and that is why we did it that way.

NORTHEAST CORRIDOR IMPROVEMENT PROJECT

Now, the last item: Northeast Corridor Improvement Project. You will recall that $2.5 billion was authorized initially for the entire Northeast Corridor Improvement Project, of which only $2.2 billion was appropriated. Each year a little bit more has been appropriated for special projects within this authorization, which is still, of course, alive.

Now, attachment 3 of my statement lists safety items in the Northeast corridor, all of which were emphasized by the recent accident, that are needed. We request that the $54.2 million they will cost be included in a separate Northeast Corridor Improvement Project appropriation. If we do not do that, these items will have to compete with all the other items that we desperately need to fund with our limited capital, and what will happen is that we will be able to do a little bit of them year by year, but it will be 5 to 10 years before we can really get these items done.

They are safety items. They ought to be done now, and I would like to do them within the coming year. I think the only way I can see that we can do that is with a NECIP appropriation which would cover them.

PREPARED STATEMENT

Mr. Chairman, that completes my summary and I am happy to try to answer any questions.

Senator LAUTENBERG. Thank you very much, Mr. Claytor.

[The statement follows:]

STATEMENT OF W. GRAHAM CLAYTOR, JR.

My name is W. Graham Claytor, Jr. I am President and Chairman of the Board of the National Railroad Passenger Corporation (Amtrak). I am pleased to be here today to discuss Amtrak's fiscal year 1988 budget, and to detail for you the success Amtrak has had during the past year in both reducing its dependence on federal financial support, and in providing increasingly reliable and cost-effective rail passenger service.

I am extremely proud of what Amtrak has accomplished during these past years of financial uncertainty. Despite reduced federal support of over 52 percent (in constant dollars) since 1979, Amtrak has achieved dramatic improvements in the quality of its service and in meeting its goal of becoming more self-sufficient. It is time to move beyond the debate on whether to continue federal financial support for intercity rail passenger service. Instead, we must focus on new ways to reduce Amtrak's dependence on federal support, while continuing to improve the quality of service Amtrak provides. My statement today will outline several proposals for achieving this result. In addition, I will discuss two topics -- Amtrak's capital spending and safety needs -- that I believe must receive greater financial emphasis in order to protect the federal investment in Amtrak, and to ensure the greatest degree of safety for the public, as well as continuation of service enhancements.

THE ADMINISTRATION'S PROPOSAL TO SELL THE NORTHEAST CORRIDOR

Before turning to the significant progress Amtrak has made in reducing its dependence on federal appropriations and improving its service, I must first address the Administration's proposed elimination of all federal funding for Amtrak and its proposed sale of Amtrak's Northeast Corridor. Elimination of federal funding for Amtrak repeatedly has been rejected by

Congress. As you know, Mr. Chairman, Senate Resolution 93, sponsored by you and twelve of your colleagues, recently was introduced to express the sense of the Senate that the proposed elimination of Amtrak funding does not serve the public interest. The Resolution calls for Amtrak funding:

> at a level that will enable it to continue to operate a national railway system and to continue the progress that has been made to improve its financial performances and service levels.

Mr. Chairman, the repeated proposals to eliminate Amtrak funding and sell its assets send a negative message to the travelling public and tend to negate the diligent efforts of Amtrak's employees to make Amtrak more productive and less dependent on federal support. I believe that attention instead should be focused on identifying steps to make Amtrak rail passenger service even more cost-effective and efficient.

As I have previously detailed to this Subcommittee, elimination of federal funding for Amtrak would result in the elimination of all Amtrak rail passenger service. Over 23,000 employees would lose their jobs, with a resulting labor protection payment liability of $2.1 billion. Some 491 communities would lose Amtrak service, of which 40 have absolutely no public transportation alternative. 149 communities have no air service and 96 communities have no bus service.

Not only does the Administration's budget eliminate funding for Amtrak, it assumes the realization of some $1 billion in profits from the sale of Amtrak's Northeast Corridor. This so-called "profit," however, is entirely illusory. It is almost a given that no private operator of the Northeast Corridor will be found, at any time, primarily because the total cost of providing rail service and necessary maintenance on the Corridor

exceeds revenues by some $250 million per year. Elimination of Amtrak service along the Corridor would force local commuter authorities to absorb a significant portion of those costs, thereby dramatically increasing the financial burden on states whose commuters are heavily dependent on Amtrak and commuter rail service along the Corridor. The result inevitably would be to require very substantially increased federal support for commuter operations. Moreover, elimination of Amtrak service between Washington and New York and intermediate cities would necessitate over 40 additional air flights to or from the already overcrowded National Airport alone to transport Amtrak's passengers -- and at the busiest times of day. These and other data were explored in detail in extensive Congressional hearings over the last several years and will accordingly not be reiterated further here. In the light of Congress' continued support of Amtrak, further debate on this issue would serve no positive function at all, and would tend to overshadow the significant progress we are making to provide reliable, quality service at an increasingly reduced cost to the federal government.

FINANCIAL AND PERFORMANCE IMPROVEMENTS

During the year 1986, Amtrak made significant progress in reducing its dependence on Federal appropriations. Through the determined efforts of Amtrak's dedicated employees and a heightened emphasis on minimizing costs, Amtrak achieved the highest degree of self-sufficiency in its history, and reduced its dependence on federal appropriations to the lowest percentage in over ten years. This accomplishment is best reflected by Amtrak's revenue-to-cost ratio, which is the benchmark by which Amtrak's financial improvement is judged. During FY86, Amtrak covered over 62 percent of its funded costs by a record $861,418,000 in revenues earned by the Corporation. This translates to nearly a 50 percent improvement in the ten

years since 1976, when Amtrak covered just 42 percent of its funded costs. For FY87, we expect to cover 65 percent of our costs, and our FY88 budget assumes coverage of 67 percent or better. With the support of this Committee, I have every intention of meeting or surpassing that goal.

Amtrak's revenues are also covering a greater percentage of total short-term avoidable costs than ever before. A few years ago, Amtrak's revenues covered only 62 percent of its systemwide short-term avoidable costs -- sometimes loosely referred to as out-of-pocket operating costs. Today, Amtrak's revenues cover over 96 percent of those costs, and my objective is to make this 100 percent in the very near future.

Nearly every measure of Amtrak's performance also has significantly improved. Total passenger miles in 1986 were a record 5.013 billion miles, up almost 25 percent since 1978. Total revenues jumped to a record $861.4 million, which in constant dollars is 17.2 percent above that of 1978. Revenues from our flagship Auto Train service exceeded short-term avoidable costs by some $12.4 million as ridership grew nearly 45 percent.

In the Northeast Corridor, Amtrak passed Eastern Airlines to become the leading intercity passenger carrier between New York and Washington, and now carries over twice as many people between the several cities served in the Washington-New York corridor as are carried by all the airlines combined. As a result of federal investment in the Northeast Corridor, and innovative marketing and service by Amtrak, Amtrak now transports over 30 percent of the combined air/rail market between the end-points of Washington and New York, and over two-thirds of the 24,500 intercity travellers by air or rail to the various cities served on the Corridor. Amtrak Metroliner

Service ridership increased 13.2 percent during FY86, and the Metroliner has become the preferred way to travel between Washington and New York, and points between. During the past year, Amtrak initiated Railfone public telephone service on its Metroliners, thereby enabling passengers to make onboard calls while in transit.

These improvements are the direct result of every Amtrak employee performing his or her job a little better every day, and represent a dramatic improvement for the nation's rail passenger carrier. The spirit and loyalty which Amtrak's employees have demonstrated during the past several years of financial hardship are truly commendable, and I have the greatest admiration for the work they have done to improve Amtrak service and its financial condition. For our customers, this hard work and dedication by our employees means better, more innovative service. For our principal stockholder, the federal government, it means a better bottom line, lower public funding needs, and an acknowledgement that the federal funds used to support Amtrak have been wisely spent.

I have annexed to my statement as Attachment 1 a comparison of key financial and performance indicators for the years FY81 and the most recently completed FY86. Amtrak's dramatic improvement during those five years is graphically demonstrated through this comparison. In 1971 dollars, federal financial support decreased some 45 percent, while revenues generated by Amtrak rose over 17 percent. Passenger miles per federal dollar of support increased 92 percent. The revenue to cost ratio increased from .48 to .62, a 29 percent rise. The number of management personnel declined some 12 percent. At the same time, performance also substantially improved. Total passenger miles increased some five percent to nearly 5.014 billion miles, as passenger miles per train mile rose 11 percent to 172. In an

industry that in the recent past saw some of the giants of rail passenger service declare bankruptcy and the quality of much of the rail passenger service deteriorate to unmarketable levels, the achievements of Amtrak, particularly during the past five years, stand out as a clear demonstration of the results that can be produced with federal funds wisely invested.

Amtrak also has set in motion a series of innovative and pioneering programs that will significantly reduce operating costs in the future. With the cooperation of the Brotherhood of Locomotive Engineers (BLE) and the United Transportation Union (UTU), Amtrak is the first and only major railroad to operate its trains nationwide under a pay scale that compensates train and engine crews for a standard 8-hour per day work week, rather than on the antiquated and inefficient mileage basis. The agreements provide for Amtrak to directly employ train and engine crews operating Amtrak trains over tracks owned by the freight railroads. The cost savings under the new agreements will reach $20 to $30 million per year once fully instituted.

There are, however, some negative developments that also need to be addressed. As our locomotives and other rolling stock age, periodic overhauls and other maintenance must be increased in order to avoid deterioration in our service. Our budget crunch in the last several years has had a negative impact on this, and, as a result, equipment failures on the road have increased and on-time performance has suffered. Our lack of capital for the continued upgrading of our obsolete maintenance facilities in such critical places as Los Angeles and Sunnyside Yard, New York, has especially limited our planned improvements. With the advice of some of the industry's best experts in this area, we are altering some of our Chicago locomotive facilities to enable more effective and more efficient maintenance methods there, and even more needs to be done in this general area.

NEW SOURCES OF REVENUE FOR AMTRAK

Amtrak has continued to look beyond the traditional provision of rail travel for sources of revenue to further reduce dependence on federal support. During 1986, Amtrak earned a record $69.6 million from a variety of diverse projects including real estate development of its rail properties consistent with their primary use for rail service; lease of rights-of-way for commercial communications use, mail and express delivery; rail car engineering and testing as well as rail welding and track renewal for commuter agencies; and electrical cogeneration.

One area of large but still only partially realized revenue potential is the renovation and commercial development of Amtrak train stations and other valuable real estate holdings -- including air rights over our tracks -- in numerous cities such as Philadelphia, New York, Washington, D.C., and Chicago. Many of these areas were considered undesirable for development only a few years ago, but today they represent some of the prime real estate in the United States. Once developed, these properties will generate substantial revenues for use by Amtrak to help further reduce federal financial support. For example, the Chicago Union Station headhouse building, now an obsolete structure in need of major repairs, will soon be renovated by a private real estate development firm. The project, which will cost over $270 million in private funding, includes the construction of two 25-story office towers. Although no Amtrak funds will be used in the headhouse project, Amtrak will receive at completion the benefits of a modern station facility and annual rental revenues of some $4 million.

Amtrak also continues to be recognized as a technological leader in the rail industry. We are breaking new ground in many

areas with such innovative developments as our advanced track geometry cars, our mechanized track laying machine, our experimental high-speed (70MPH) turn-out, and the first three-phase asynchronous traction-motor locomotive in North America, which will be tested later this year. In addition to reducing costs, some of these developments provide sources of additional revenue for Amtrak. In this connection, I have directed Amtrak departments to maximize the revenue capacity of our existing resources, and in several areas Amtrak is earning significant revenue from commercial use of our equipment and expertise. For example, when not needed for our own use, our track laying equipment has been leased to others for significant additional revenue. Another revenue source is found in our technologically advanced rail welding and track geometry capabilities. Amtrak has contracted with Metro North Commuter Railroad and Long Island Railroad to weld rail into continuous strings. Still another area is Amtrak's rail car construction capabilities at its Beech Grove, Indiana facility. Amtrak recently completed the assembly of 294 Metro commuter rail cars for the Washington Area Metropolitan Transit Authority, and has begun work on a supplemental order of 72 more cars. Revenues from the project will total over $10 million.

Amtrak has continued development of its Northeast Corridor right-of-way as a primary fiber optics communications link in the Northeast. MCI already has installed a fiber optics link on our right-of-way between Washington and New York. Under a 1986 agreement, AT&T began installing another fiber optics link between Washington, D.C. and Philadelphia. Amtrak collected from AT&T a lump-sum rental payment and will have use of a non-fiber optics communication system for its own local communications needs.

Not surprisingly, Amtrak also is relying on its status as

the nation's most experienced provider of rail passenger service to create an additional source of revenue in this area. In the past, Amtrak has acted as a consultant to various commuter rail agencies in helping those agencies provide enhanced local rail service, and has profitably operated commuter service over our line between Baltimore and Washington for MARC, the Maryland Rail Commuter Service. Most recently, Amtrak was hired by the Massachusetts Bay Transportation Authority to operate the extensive Boston area commuter rail system of some 270-300 daily commuter trains over a number of different rail routes. As part of this massive undertaking, Amtrak has taken over nearly 950 employees of the Boston and Maine Railroad, which formerly operated this commuter system. Amtrak will be fully reimbursed for all of its expenditures in operating the service, and anticipates an annual profit of several million dollars. We also have opened discussions with officials in Florida regarding similar contract operation of commuter rail service between West Palm Beach and Miami.

Amtrak will continue to strive to maximize revenues, to minimize expenses and thereby to reduce its dependence on federal support. I intend further to encourage Amtrak employees to identify and develop innovative projects and areas where our expertise and assets can generate the revenues we need to become ever more self-sufficient.

INITIATIVES TO FURTHER REDUCE FEDERAL FINANCIAL SUPPORT

High budget deficits have forced Congress to scrutinize very closely all programs receiving federal funds, and Amtrak has been no exception. We frequently are asked to identify new areas where our expenses can be reduced other than through elimination of routes or service. I believe that Amtrak no longer can offer to sacrifice its capital budget as a means of

reducing federal support. However, there are several other areas where, simply because it is a railroad, Amtrak is forced under relevant laws to incur extraordinary costs that eventually have to be borne by the federal government and that we believe cannot be justified.

First, claims by Amtrak employees for on-the-job injuries currently are resolved under the Federal Employers' Liability Act (FELA). Amtrak is proposing legislation that would transfer jurisdiction over its employee claims to the various state workers' compensation commissions under applicable state laws, which already apply to claims by non-railroad industrial employees. The FELA, last significantly amended in 1939, has proven to be a counterproductive, unfair and unjustifiably costly system for compensating Amtrak workers for on the job injuries. Currently, the system costs Amtrak over $65,000 per day in claims. Rather than focusing on rehabilitation and compensation for the employee's injuries and correcting the circumstances that caused the accident, the FELA forces the parties to litigate the issue of who was at fault. This focus on the issue of fault necessarily creates an adversarial relationship between the employee and Amtrak and dramatically increases the legal fees associated with the claim. In the event a jury finds that the employee was responsible for the injury, the employee may be totally denied any compensation at all. Moreover, the FELA provides only for lump-sum cash awards based primarily on the injured employee's lost wages, thereby strongly discouraging the employee from returning to work for fear of undermining his or her ultimate recovery. This frustrates our primary goal of rehabilitating our injured employees and getting them back into productive work to the maximum possible extent.

In contrast, the more modern and humane state workers'

compensation programs are based on a no-fault approach. They pay a fixed percentage of the employee's wages while he or she is injured, and establish a fixed schedule of benefits based on the specific injury and duration of disability. The need for costly litigation generally is avoided, and there is no disincentive for the employee to return to work. Both the excessive, unjustified jury awards, and other verdicts unfairly denying the injured employee any recovery at all because of the employee's fault, are replaced with a system of fair, predictable compensation for the injured employee. Annexed as Attachment 2 to this statement is an analysis of Amtrak's FELA experience over the last five years.

Resolving Amtrak employee claims under state workers' compensation laws would enable Amtrak better to predict and budget its injury liability. It would significantly improve the relationship between Amtrak management and its employees, and reduce Amtrak's need for federal support to pay excessive FELA jury awards and legal fees. It also would reduce Amtrak's future need for federal operating subsidies. A recent GAO study, directed by Representative James Broyhill, then ranking minority member of the House Energy and Commerce Committee, concluded that the changes as suggested would save Amtrak annually between $2.7 million and $17.4 million. From our own experience, we believe the savings would be significantly more than these rather conservative projections.

An argument, of course, can be made for making this same change for the whole railroad industry, but we believe there are cogent reasons for applying it at this time only to Amtrak. Most importantly, the taxpayers' money is directly involved here, and this should be a compelling consideration. In addition, Amtrak offers a modest test bed for such a change; if the results are not better for both our employees and Amtrak, as

we believe they will be, it would be relatively easy to repeal the change -- or even put a two or three year time limit on it and require further legislative action to continue it beyond that period. The best way to resolve questions like this is by actual trial in a limited area with opportunity for correction where results are not in accord with predictions or expectations.

A second related but independent suggestion is that we make a change that would prevent a court or jury from awarding punitive damages against Amtrak in a personal injury or death case. For sound public policy and fiscal reasons, punitive damages cannot be recovered under the Tort Claims Act against the United States (or, under state law, against such agencies as New Jersey Transit). So long as Amtrak's preferred stock is owned by the United States and Amtrak continues to receive substantial federal support, such damages against Amtrak in effect are charged to the United States and hence cannot be justified.

A third unjustified cost which inevitably adds to the operating subsidy Amtrak requires results from the discriminatory way Amtrak is adversely affected by the Railroad Retirement Act (RRA) and the Railroad Unemployment Insurance Act (RUIA). Under Railroad Retirement, Amtrak must make substantial contributions (known as Tier II contributions) for each employee in excess of the amount contributed by employers' whose employees are covered by Social Security. However, because Amtrak has existed for only fifteen years, very few of its employees actually receive any Railroad Retirement benefits. The $100 million that Amtrak will contribute for Tier II benefits in FY88 -- nearly 6 percent of Amtrak's total budget and 16 percent of Amtrak's grant request -- in effect constitutes a federal subsidy through Amtrak to retirees from

the private railroads. While I am making no judgment as to whether this represents good or bad public policy, the requirement that Amtrak participate in the Railroad Retirement system significantly inflates Amtrak's costs in a manner that management cannot control, and for a purpose that has no connection with the provision of rail passenger service.

I am not suggesting that Amtrak can reduce its costs by $100 million per year by switching to the Social Security System. However, were Amtrak authorized to switch to Social Security, it could reduce its annual appropriation requirement by an estimated $20 - $30 million while providing its employees with a retirement benefit that equals the full Railroad Retirement entitlement and at the same time significantly reduces the employee's payroll tax burden. In other words, Amtrak employees could be given the same benefits when they retire that they would now get under RRA, but it would cost both them and Amtrak considerably less than it now does.

Finally, Amtrak's employees are covered by the Railroad Unemployment Insurance Act rather than by state-sponsored unemployment benefit programs. Although benefits to former Amtrak employees under RUIA actually are less than those provided under most state-sponsored programs, Amtrak must yearly contribute between $10 and $20 million more than its corresponding obligations would be under state programs. The Administration is proposing that all railroads be permitted to participate in the state unemployment insurance programs rather than in RUIA. Whether or not this is applied to railroads generally, we feel, for the reasons already stated, that it at least should be applied to Amtrak, resulting in a reduced need for federal operating subsidies.

Amtrak also believes that it has been unfairly denied

lucrative contracts for federal government travel. In 1985, Congress amended Section 306 of the Rail Passenger Service Act, 45 U.S.C. § 546(f) to allow Amtrak to participate in bidding for federal agency travel contracts in markets where Amtrak is competitive with other carriers. Under the "Contract Air Program," administered by the General Services Administration (GSA), certain "preferred carriers" can submit bids to federal agencies to be the primary carrier for the Government employees' travel needs. Amtrak could increase its revenues by some $8 million annually under the program, and save the federal government travel expenses at the same time.

Unfortunately, as a result of what Amtrak believes have been unreasonable and arbitrary bid evaluations by GSA, Amtrak has been awarded only a single city-pair contract out of ten such city-pairs for which we have bid. In several instances, Amtrak bids were disallowed even though Amtrak could have provided the least expensive service and hence the most savings to the federal government. For example, the Albany to New York city-pair was awarded to Pan American Airlines at $66 (via JFK Airport) and to Piedmont Airlines at $63 (via LaGuardia Airport). Both bids far exceeded Amtrak's bid of $20 from Albany to mid-town Manhattan. As I understand it, GSA used highly restrictive time and schedule criteria under which Amtrak service automatically was rejected. GSA will only consider those carriers able to provide the shortest travel time between cities. Where GSA determines that Amtrak's scheduled travel time from downtown to downtown exceeds those of the airlines, the bid is rejected regardless of price, frequency, convenience of downtown to downtown service, or other factors, such as the ability of passengers to work in small groups while in transit.

In at least six of the ten city-pair markets for which Amtrak submitted bids, Amtrak fares were lower than those of the

airlines winning the bids. Amtrak believes that the use of more realistic and flexible bid evaluation criteria by GSA would result in more awards to Amtrak, thereby providing the federal government with the least expensive travel while assisting Amtrak in increasing revenues. We suggest that Congress give the GSA more specific direction in order to carry out the intent of the 1985 amendment of Section 306 of the Rail Passenger Service Act.

AREAS OF CRITICAL CONCERN IN THE AMTRAK BUDGET

Amtrak is seeking a fiscal year 1988 grant of $630.3 million to continue operation of its existing national rail passenger system. As detailed in Amtrak's FY88 Federal Grant Justification, $572 million would be applied towards actual operation of the rail system, which is the smallest amount (in constant dollars) Amtrak has requested for its rail operations since 1974. Of the remaining request, $58 million would go towards critical capital improvements.

Although Amtrak has made great strides in reducing its dependence on federal support, the recent financial uncertainties and high federal budget deficits have taken a significant toll on Amtrak's capital budget. Without renewed emphasis on maintaining and rebuilding Amtrak's capital infrastructure, Amtrak's quality of service, proposed improved safety devices, revenue-generating potential, and efforts to reduce operating costs will quickly deteriorate.

It has been in large part through the significant improvement and upgrading of equipment and facilities that Amtrak has been able to generate the dramatic turnaround in its quality of service and cost efficiency. Such continued improvement, however, is dependent on Amtrak's ability to

maintain and further upgrade its capital infrastructure. Unfortunately, Amtrak capital grants have declined from $220 million in 1981 to a mere $18 million in 1987. Purchase and modification of rolling stock and the upgrading of maintenance facilities, track, bridges, and communications systems have had to be delayed or greatly reduced under recent budgets in order for Amtrak to meet its obligation of providing rail passenger service. Further delays or reductions in capital expenditures can only mean reduced quality of service and adjustments to service to avoid encountering safety problems. Amtrak is reaching a critical juncture with respect to the condition of its capital assets, and increased emphasis on these capital assets is needed now to protect and enhance the federal government's investment in Amtrak's infrastructure.

Amtrak is seeking an FY88 capital grant of $57.5 million. We expect to generate from internal revenue-enhancement projects an additional $29.2 million for a total capital budget of $86.7 million. The projects making up Amtrak's minimum capital requirements represent only the highest priority projects from a list of considered projects totalling nearly $191 million. The most critical projects include badly needed additional electric and diesel locomotives; additional push-pull equipment; modification and upgrade of Superliner and Amfleet equipment to enhance quality of service; upgrading Amtrak's ability to transport large quantities of mail and express; improvement of selected stations and increased accessibility for the handicapped; and the upgrading of maintenance facilities, track, signal and communication systems, electric traction systems, and bridges and buildings. I cannot overemphasize the importance of funding these projects and the dangers we face through continued reduction of capital spending. Indeed, the general demise of rail passenger service that took place during the 1960's can be attributed in large part to the inability of many of the leading

railroads to maintain their physical plant. Only through continual maintenance and improvement can Amtrak continue to make strides toward reducing its dependence on federal support.

Recently, a task force of the Coalition of Northeast Governors ("CONEG") issued a report calling for capital improvements to the Northeast Corridor as a response to growing airport and highway congestion in the Northeast. As this Committee is aware, I frequently have raised the issue of traffic congestion in the Northeast as a way of demonstrating the significant role Amtrak plays in transporting people through that busy corridor. We have reached the point now that if Amtrak is to continue to be a part of our national transportation policy, it should be permitted to function in a way that best meets the needs of the travelling public. While I believe that many of the ideas suggested by the CONEG task force have merit, further analysis is required. Amtrak will be happy to work with the task force, just as we have worked with individual states interested in enhancing rail passenger service.

Because of limited capital, Amtrak cannot meet all of its priority capital needs. However, by working closely with various state programs, we have been able to stretch our capital funds. Amtrak has continued its efforts to secure state and local financial support for Amtrak and rail passenger service projects. These efforts have resulted in decisions by states and communities served by Amtrak to build and operate new stations at no or little expense to Amtrak, and to add service on heavily travelled routes through the state-supported 403(b) program. This past summer, service between New York and Cape Cod was initiated with the financial support of the Commonwealth of Massachusetts. The service has proved immensely popular and will be expanded this summer. We have worked with California

and New Jersey in sharing the costs of converting equipment for push-pull operation, which can result in significant cost savings. We also are considering a program with Michigan to improve our operation in the Chicago-Detroit market. As you know, Amtrak has been working with the State of New York on the West Side Connection project, linking upstate New York with Penn Station. Although delays in various aspects of the program have increased the costs that must be borne by both Amtrak and New York, the project, when completed, should substantially increase revenues and convenience to passengers travelling through New York City, as well as eliminate Amtrak's substantial costs at Grand Central Terminal.

As the Committee is aware, $2.5 billion was authorized for the Northeast Corridor Improvement Project ("NECIP"), of which some $2.2 billion already has been appropriated. The Administration has not requested any further funding of the NECIP program. However, in January, 1983, with the agreement of the FRA and Amtrak, Congress mandated in an amendment to the Railroad Revitalization and Regulatory Reform Act (the 4-R Act) a list of potential projects to be funded should the full $2.5 billion be appropriated. In the aftermath of the recent Chase, Maryland, train accident, a number of safety-related issues have surfaced that require prompt attention. These projects are enumerated in Amtrak's grant request, the relevant portion of which is annexed to my Statement as Attachment 3. Some of these are already included in the 4-R Act list, but others are not.

We have accordingly requested the Senate Committee on Commerce, Science, and Transportation to include in the 1987 Rail Safety Act an amendment to the 4-R Act to include the needed safety items that are not already listed in the Act. If, as we anticipate, this action is taken, we request that this Committee recommend the early appropriation of $54.2 million of

NECIP funds needed to enable all of these safety features to be accomplished promptly. Without such funding, our only alternative is to stretch out these projects over a number of years, financing them from year to year as best we can from the already severely limited Amtrak capital funds.

CONCLUSION

Congress repeatedly has supported the need for a national intercity rail passenger system. In return, Amtrak has worked hard to use its federal funds as wisely and efficiently as possible. I believe we have made significant achievements in reducing our dependence on federal financial support, and that even greater accomplishments lie ahead. The dedication of Amtrak employees to achieving quality rail passenger service and greater self-sufficiency has been inspiring, and I hope to continue our efforts to improve and expand rail service in this country. We look forward to your continued support in this endeavor.

[ATTACHMENT 1]

COMPARISON OF DATA
FY1981 to FY1986
(Constant 1981 Dollars)

	1981	1986	+ Change
Total Revenues (Millions)	$612.2	$716.0	+ 17%
Revenue to Cost Ratio	0.48	0.62	+ 29%
Federal Grant (Millions)	$896.3	$491.0	- 45%
Passenger Miles per Dollar of Federal Grant	5.31	10.21	+ 92%
Revenue/Short Term Avoidable Cost	0.73	0.96	+ 32%
Revenue/Long Term Avoidable Cost	0.60	0.78	+ 30%
Transportation Revenues From Northeast Corridor (Millions)	$143.0	$192.0	+ 34%
Management Personnel (in Man-Years)	2,885	2,549	- 12%
Passenger Miles (Millions)	4,762	5,014	+ 5%
System-wide On-Time Performance	77%	74%	- 4%
Passenger Miles per Train Mile	155	172	+ 11%

[ATTACHMENT 2]

AMTRAK EXPERIENCE
UNDER THE FELA

	1982	1983	1984	1985	1986
Average Claim Payment ($)	3311	3719	5330	6183	7987
No. of Settled Claims	1500	1179	1065	1218	1266
Average Lawsuit Payment ($)	31,945	44,261	61,510	74,402	64,472
No. of Settled Lawsuits	248	266	306	232	280
Total Payment (million $)	12.9	16.2	24.5	24.8	28.2
Legal Expenses (million $)	1.3	1.9	1.9	1.6	2.2
Medical Payments (million $)	1.7	2.5	2.7	3.3	3.5
Total Costs (million $)	15.9	20.6	29.1	29.7	33.9

[ATTACHMENT 3]

NATIONAL RAILROAD PASSENGER CORPORATION
NORTHEAST CORRIDOR IMPROVEMENT PROJECT (NECIP)
FISCAL YEAR 1988 BUDGET JUSTIFICATION

($ Millions)

This request for $54.2 million for FY88 NECIP funds includes $32.7 million currently included in the authorized $2.5 billion NECIP Program, plus $21.5 million for safety projects not authorized in NECIP. Amtrak is seeking authority to include this list in the $2.5 billion authorized NECIP Program.

The projects selected for funding in the proposed FY88 NECIP Program represent the highest priority requirements to improve the safe operation of the Northeast Corridor.

The major programs in the FY88 NECIP request are:

*Installation of CETC between Wilmington and Philadelphia	$ 6.6
Communication and Signal system upgrades within the NEC	14.3
Electric Traction system upgrades within the NEC	1.2
*Track improvements within the NEC to include concrete ties, CWR and undercutting	12.2
*New York tunnel evacuation and fire protection facilities	13.9
Passenger car modifications to install baggage and on-board equipment restraints and seat locks	4.5
Locomotive modifications to include event recorders, cab signal test boxes, touch type alerters and warning alerters, and other safety devices	1.5
TOTAL FY 1988 NECIP Request	$54.2

*Included in $2.5 billion NECIP Program

ADMINISTRATION'S REQUEST

Senator LAUTENBERG. We had a chance to review your testimony in detail earlier and you cover a lot of ground and obviously the subjects are ones that are of great concern, certainly to this Senator and to this committee and all of us who believe that rail transit needs are essential as we look ahead, that the prospects for more efficient use of highways and cars and so forth is not likely to come. We just do not have the capacity and soon will be facing, it is said by many experts, an energy crisis again that should warn us that we have to keep our rail passenger system in better shape than the administration thinks it should be.

Mr. Riley, the administration is asking for zero for Amtrak. It is important, however, not to dwell on their position but what you submitted to OMB. Now it is our committee understanding that the Department, your Department, requested $478 million for Amtrak for fiscal year 1988. Is that true?

Mr. RILEY. To the best of my recollection that is certainly in the ballpark. I think it was either $472 or $478 million. The committee obviously has good sources. I guess I am taken a little aback by the figure, but that is my recollection. That is true.

Senator LAUTENBERG. You know, those little computers they have, they are wonderful. Anyway, that being the case, I have to ask you the next question. How did you arrive at that. That is $124 million different than the 1987 level of $602 million. Does FRA believe that Amtrak can reduce its need for federal subsidy to that extent?

Mr. RILEY. We think that the company could be run on an operating budget in the 440's with no legislation changes and about $400 million if certain changes are made and that the remainder was capital, as I recall. I have to tell the chairman I have not looked at this now in more than 6 months. The $478 million number did reflect some capital contribution. I cannot remember exactly what it was, but I can tell you the basic programmatic reforms that were designed to get it down into the 440's or 470's with capital.

The first was a 1-year wage freeze for all Amtrak employees. A 1-year wage freeze for Amtrak employees saves $25 million, and it produces a long-term permanent saving because percentage increases in the future are calculated off a base which is frozen in place for a year. So something, you know—obviously it is a sacrifice, but in the whole scheme of things the 1-year wage freeze does gain substantial revenue for Amtrak.

Second, it assumed full state funding for the 403(b) trains. As you know, they are not part of the national Amtrak system but are run at state request. At present states cover 65 percent of their losses, Amtrak 35 percent. The 403(b) trains do two things. They add to Amtrak's losses and they also divert equipment off the main system. That would be a savings of $9.7 million.

We are not against running those by any means if the system is going to be run, but we think since they are state-requested service, that they ought to be run and paid for by the states.

Third, we assumed that there would be full funding of 403(d) trains, and that would save about $1.8 million, and they are the short-distance feeders onto the Northeast corridor.

The fourth thing that we recommended at the time; as you know Amtrak currently operates its high-speed Northeast corridor service and some of its short-distance trains with one man in the cab with an automatic deadman's control. If in fact that was extended to all of their short-distance routes you save another $1.5 million.

Now an issue that is a little more difficult to define. Amtrak right now has two distinct crews on all of its trains. It has a passenger service

crew and an operating crew. It literally takes more individuals to operate one of the Florida trains than it does to run a 747, and if there were in fact some consolidation of responsibilities among those crews you could save—and this is a more complicated issue that I can expound upon for the record, because we can show you where we think some positions could be consolidated—you could save about $8 million. What I am assuming here is that two to three onboard service positions are eliminated by consolidating responsibilities between train and operating crews.

Now an issue on which I know Graham and I do not agree—and believe me everything that has been said about Graham I echo in spades; he has just done a marvelous job at Amtrak. He has run it like a railroad, and that is what is really needed—Amtrak runs not only its sleepers but also its long-distance trains and its Metroliners on a reservation system. It has been the longstanding view of FRA that while obviously one needs to run sleeper services on a reserve basis—obviously—that Amtrak does not need to run the Metroliner on a reserved basis, and if you altered your reservations system, which is a very expensive system, to accommodate a reservation-only long-distance train system, you could save between $37 and $47 million.

Your gross savings would run between $48 and $64 million, but you have to take on some additional costs to make that shift. You have to set up a large reservation office. You have to set up a data telephone system to handle normal inquiries on routings. Again, we believe you could save between $37 and $47 million.

Another issue—food. Amtrak suffers significant losses on its food service. They lose about $9 million in the Northeast corridor and about $33 million on long-distance trains. Now I personally believe those losses were significantly exacerbated when they dropped the calzone from the menu, but above and beyond that, if in fact Amtrak contracted out the food services we believe they could save at least $7 million in the Northeast corridor alone.

What they could save systemwide is a matter of conjecture. I have only assumed $7 million in savings systemwide, but I think it might actually be greater than that.

Equitable split. Congress has for many years——

BUDGET REVIEW

Senator LAUTENBERG. This will all be in the record. What I would like to do in order to just move this along, Mr. Riley, you have identified some of the items that would produce savings. Do you as a practice talk to Amtrak before you make a request like this? Is there any attempt to sit down and say what do you think of this? Shall we get rid of the calzone? Do we contract these services?

Should Amtrak operate 747's if it is cheaper to do it than to operate that Florida line? Do your two organizations get together in budgetary reviews before the requests are made?

Mr. RILEY. We do budgetary reviews, with the exception of the calzone that they did not consult me on. As to the other items, we have talked with them about most of these items. There are a couple that we have not priced out with them, but generally speaking we have discussed it with them, and there are differences. There are also similarities.

Mr. Claytor's proposal on the two-tier retirement program is very similar to one that is on this list. There are areas where we agree and disagree.

Senator LAUTENBERG. We would like to have that list, obviously.

Mr. Claytor.

Mr. CLAYTOR. Well, Mr. Chairman, we know about most of these. There are one or two of these on this list that are new, but most of them we know about, and I have an answer to every one of them. I think, (*a*) they will not work, or, (*b*), they would not save you the money, and I would be happy to quickly run through them if it would help.

Senator LAUTENBERG. Can you highlight a couple of what you would say are the largest or most critical areas in that?

RESERVATIONS SYSTEM

Mr. CLAYTOR. All right. Scale down the reservations system, which he has got an enormous figure on. We use coach reservations for all of our long-distance trains for a very good reason. If we did not do that, we would have to have extra cars on those trains to be sure that we did not have people standing up. You can have in holiday weeks, and we do have in holiday weekends, people having to stand on the Northeast corridor on the short-distance trains because we do not have the equipment to fill them up.

But on a long-distance train, you cannot have somebody standing up from Chicago to Los Angeles, and we therefore have reservations systems for all of our coach passengers on all long-distance trains and we think it would cost us more money if we did not. And I think our reservation system is probably the most efficient in the world. I think it costs us less than it costs the airlines. We do it extremely well with three computer centers—one in Philadephia, one in Chicago, and one in Los Angeles—and I believe that any effort to change that would be more costly and provide much poorer service. We are not about to consider doing it.

The Metroliner is the only train in the Northeast corridor we have reservations for, and we think it is important. If people are going to pay the extra money to ride the Metroliner, one of the things that is most important is being sure that they have a seat.

Senator LAUTENBERG. And a place to work.

Mr. CLAYTOR. Also, since our equipment in the Northeast corridor is pooled pretty much, reservations let us find out in time if there are more people wanting to go on Metroliner, and, if so, we will add a car and take care of them and give them the reservations. But taking the

Metroliner reservations off would save a very modest amount of money because there are very few trains on that. It is the long-distance reservations that are the big volume, and we just must not eliminate reservations on them.

LABOR AGREEMENTS

Now, a number of these other things that he wants to do, such as put only one man in the cab on the short-distance trains, sure we would like to do that. We tried to negotiate that, and we got a major number of them with our negotiations with the labor union. The others are going to be phased out. But this is a labor agreement problem. I cannot just say well, sure, we tear it up and do it our way.

SALARY FREEZE

The same thing on this 1-year wage freeze for Amtrak employees. We have labor agreements with all these fellows. So all of a sudden we say OK, we are just not going to give you any money this next year because we are going to have a wage freeze. This is just not something you do in the real world.

And there are a number of others that are quite like that.

Senator LAUTENBERG. So these certainly, I think it is fair to say, gentlemen, do not appear to be savings that are realistically obtainable in the short-term future. Even if you are right, John, that the reservations system could be changed, you would not propose that you do something like that in the fiscal year just around the corner.

I assume, and correct me if you think I am wrong, that there is some relationship between the ridership volume and the convenience of riding the system. There is advertising, obviously, but there is the constant conversation about well, I use Amtrak. It is pretty good. I do not have to worry about the snow, worry about this, worry about that, get a seat. I cannot imagine that if you did not have a seat guaranteed—going between New York and Washington, I see a lot of work being done—I assume it is work—a lot of reading.

And I think that is a valuable part of the service. But we have heard your——

Mr. RILEY. I would make one comment on that, Mr. Chairman. I recognize that on the labor agreements that is something that Amtrak has to negotiate. There is nothing easy about that, and my point in incorporating those is to say that if in fact Amtrak had a subsidy level that equated to that number it would enormously increase their leverage in negotiations.

But on reservations those long-distance trains operate at an average load level of 52 percent. In addition to that, there are good historic trends that enable the company to estimate in a very high degree of certainty what their load levels are going to be in different weeks and times. The airlines operate that way. Intercity buses operate that way.

And it is that which leads us to believe that on the coach compartments, as opposed to the sleepers, where you have to have reservations, you could operate that system reservation-free and generate substantial

savings because you have excess capacity now that equals your ridership.

On the corridor where Amtrak loses revenue—I will give you just a personal example on a Metroliner, because I always ride Amtrak—coming back from New Jersey on a Metroliner I could not get a reservation on the Metroliner. It is fully reserved. But they do not have the kind of cancellation check on the seats and standby procedure that you have on airplanes. Being the Administrator, I weaseled my way onto the train and what I found out was there were dozens of open seats on the train.

So the reservation system, the use of it that way, does create a problem for them. It undercuts their revenue. It is too complex an issue, I realize, to handle in an easy discussion here, but there is something to be said here that is not easily dismissable.

Senator LAUTENBERG. The point I think that must be made here is that your recommendation, Mr. Riley, leaves considerable doubt about the ability to introduce some of these things. I mean, you cannot arbitrarily assume, in my view, that you are going to get a 1-year wage freeze when you do have contracts. You could not tell me now whether the wage structure is one that is consistent with other rail lines, whether there are plans that have been made over time that contemplate other sacrifices as a result of wage increases.

I do not think it is realistic to say OK, take a wage freeze. We have not been able to do that in the federal government and we should not do it. I mean, Amtrak employees are no different than any other employees or than federal employees. But I hear what you are saying and I am not surprised at Amtrak's response to your budgetary proposal.

Let us go on to something else here, the request for the $54 million for the Northeast corridor improvement. Is that something you think, Mr. Riley, is important to get in place? Can we do without getting on with that program?

Mr. RILEY. Well, Mr. Chairman, I have not had an opportunity to see and review those numbers, and I would be happy to comment on them as I take Graham's testimony and review it. It has always been our view that with the Northeast Corridor Improvement Program now ended as a separate entity additional investments in that area ought to be part of the normal Amtrak capital budget, either by Amtrak as we operate it or by a privately owned Amtrak.

I will have to look at Graham's list and file comments.

[The information follows:]

We do not disagree that work of the type in Amtrak's fiscal year 1988 Northeast Corridor Improvement Project [NECIP] request will be needed in the future. It is our view, however, that with NECIP now ended, such improvements should be considered as part of a consolidated, Amtrak capital budget where all proposed projects are evaluated and priorities established using consistent corporate goals and standards. To the extent that some of the projects in Amtrak's fiscal year 1988 NECIP request have a high priority, they can be funded from fiscal year 1987 capital funds which total $56.4 million.

NEW YORK TUNNEL EVACUATION

Senator LAUTENBERG. Mr. Claytor, as I look at the $54 million, just to highlight a couple of the larger items, the New York tunnel evacuation and fire protection facilities and some of these other things are a little bit more remote. The passenger does not see them. Those of us who bear some responsibility for safety, for service, need to latch on to something. The communication system upgrade, I mean everyone can understand its importance, but how does that square with something like the New York tunnel evacuation?

Mr. CLAYTOR. Well, that is required, unhappily, by the New York Fire Department. We have got to do it. It is a safety measure, but that is something that is going to have to come out of our appropriation in the next several years anyway because we have a time limit on it and we have got to do it.

Actually, that is already authorized. The items on this list that are starred are already authorized. The others we are asking the Commerce Committee to add to the authorization so that they could be appropriated. The passenger car modifications and locomotive modifications are items that we discussed in our other hearing, and we would like to get on with those as well as the extention of CETC and the upgrading of the relays in our signal system, which are outdated and ought to be done right away.

But we are just not going to be able to do more than a small part of this unless we can get it through the NECIP.

Senator LAUTENBERG. It is the obligation of the federal government, the taxpayers, for programs that can either be reduced or eliminated. Obviously you know my feeling about Amtrak and its necessity in terms of our area and, I think, across the country. I strongly believe, and I know that John Riley shares the view, that rail passenger service in this country has got to be a part of the development of the nation's transportation system.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. However, I wonder, do you have a stripped down budget request, a funding level, that we could talk about before the very existence of Amtrak was in jeopardy?

MINIMUM OPERATING BUDGET

Mr. CLAYTOR. This has been our stripped-down budget that we have today. This involves no extension of service anywhere—and there are places that we ought to try to extend service. It involves no real acquisition of additional cars, and we desperately need to do that. The only way we can reduce our costs next year is to reduce service.

Now, we did that 2 years ago. We put a number of trains on triweekly service during the winter months. One of them turned out, I think, to be a desirable thing to do, and we have kept that. That is the Pioneer between Salt Lake City and Seattle. We got a great deal of opposition, still have a great deal of opposition to that, but we felt that the economics of that turned out to make sense. Two others that we

did, did not make sense. They did not save enough money, and they did provide very much poorer service.

In a crisis, we can always cut back our service to three times a week between places and, on trains that lose money, reduce our costs. It sure knocks the dickens out of the service, because when people discover they have got to figure out that they can only go to this city or that city on Tuesday, Thursday and Saturday and they want to go on Monday or Sunday, they do not go, and then they do not want to look at it again. It is not a good thing to do.

That is the only type of thing that I can do that would streamline and cut down our operating loss.

Senator LAUTENBERG. So can we extend what you say to realize that cuts, anything below the request that you make, would be of such a nature that it cuts into the ability of Amtrak to continue to function? I recognize, and I think everybody does, that these capital requests are not extraordinary. I mean, when you look at some of the things we are discussing, it seems obvious, at least to me, that unless we continue to upgrade this system and unless we continue to improve or maintain it, that we are just going to lose out.

And again, if we start off with the premise that rail passenger service is essential then we have to continue to maintain and improve the system. It is competing with all kinds of things, principally the automobile, the bus, highway traffic, and that is not a good way to go in this day and age.

Mr. CLAYTOR. That is right.

Senator LAUTENBERG. But what can we say to the budgeteers, to the interest that we have in reducing that budget deficit in whatever way we can, about cuts in the Amtrak request that could be made without really impairing, let us say, the infrastructure, the functioning of the line?

Mr. CLAYTOR. The four things that I have suggested—FELA, and RUIA, social security versus railroad retirement—would be very substantial amounts. I mean, that would add up to $60 or $70 million.

UNION RESPONSE

Senator LAUTENBERG. Have you discussed this with the unions, Mr. Claytor?

Mr. CLAYTOR. Well, I do not think the unions will have any difficulty over the RUIA or most of the other items. They are congenitally opposed to changing FELA, but for Amtrak, Amtrak gives the government a chance to try something out and see if any of the bad things that people say would happen if you made that change will happen. You could even do it for 2 years, let us say, and provide that it would terminate at the end of the 2 years unless Congress extended it.

Amtrak is a testbed. We ought to use it as such, regardless of who is for it or against it. There is a difference of opinion about this. It is clear that it is going to save money. How bad is it going to be? Let us try it out and see.

Mr. RILEY. I agree completely, by the way, on FELA. You know, that is one of the last major insurance programs that has not shifted to no fault, and speaking as an old lawyer now and not speaking as a railroad administrator, there are two problems with that. One of them is that the legal profession takes an unnecessary chunk out of those recoveries; more than 25 percent. And the second one is that there is a tremendous disincentive to go into immediate rehabilitation of injured employees.

There was a study done by GAO last year on how much this would save Amtrak. They took two states as targets: Connecticut, which has a very liberal worker's comp program, and Indiana, which is more middle of the line. They concluded that under the Connecticut rules Amtrak would save a little under $3 million a year, but under the Indiana rules they would save $17.6 million.

I do not think you need to reduce the employees' benefit to do this. You take it out of the lawyer.

Senator LAUTENBERG. We would invite, obviously, comments from labor to see what their reaction is.

Mr. CLAYTOR. There is one other thing in connection with your last question, Mr. Chairman, I would like to say. Two years ago, when we had a cut that was very drastic—from $616 million that we had sought down to $590 million—we had to take action to meet that, and one of the things we did that I mentioned was to put several trains on a triweekly basis as cut service.

We also tried to cut maintenance costs by extending the time between major overhauls, and I was nervous about doing that, but we were stuck with no money and we tried it. We found that that was a bad mistake, and it cost us more money in the end than it saved, and explains part of the problem we have now with locomotives breaking down on the road.

So under no circumstances are we going to reduce locomotive or car maintenance. It is not a safety matter, but it sure knocks the dickens out of the service and we are just not going to do that no matter what. I will cut the service before I will do that.

SAFETY PROJECTS

Senator LAUTENBERG. Mr. Claytor, you chose $21.5 million for safety projects that were not authorized in the corridor proposal originally.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. Is your list a comprehensive list? Or are there some projects still not in the request group?

Mr. CLAYTOR. These are the things that we would like to do in the coming year that do affect safety on the Northeast corridor and it is pretty comprehensive. We put this together immediately after the analysis of all the problems that we looked into following the accident, including communication and signal system upgrades.

It is $14 million. We knew already but it was emphasized that although nothing in the signal system failed in this accident, in the north end we have, in the Philadelplhia-New York area particularly, a lot of

old signal cable that has to be replaced and it fails now and then, and old relays that ought to be replaced because they are an obsolete type.

All of this has got to be done anyway in connection with the extension of our centralized traffic control to New York, which is down the road a piece, but this work would be in furtherance of that. In the meantime, we would eliminate the possibility of false clear signals, which was a question that was raised. And I think that one is a particularly important one that I would like to do right now, but without the money we just have to balance it against everything else.

CAB ENVIRONMENT

Senator LAUTENBERG. It is very hard around here, and maybe around our country today, to sell investments that have long-term value.

Mr. CLAYTOR. That is right.

Senator LAUTENBERG. And it is critical. What I think we ought to do is simulate the ride in the cab of a train which you can do so well and let people see it. That is a thrill-a-minute ride. I took it a few weeks ago, as you know, and I want to tell you my respect not only for the engineers but the system went up enormously. I think it is a very tough job.

I do not believe that there is an understanding of what it is like to sit in that little telephone booth moving along at 100 miles an hour and, as described, I think by you, that day, the one fear that the engineer has is that they could get incinerated along the way if something suddenly is in the path of that train.

Mr. CLAYTOR. Grade crossings, yes, sir.

Senator LAUTENBERG. And fortunately we have the longest section, I think I remember what you said, between Washington and New Haven in the country that has not got any grade crossings.

Mr. CLAYTOR. That is right.

Senator LAUTENBERG. But that is not an easy job, and the engineer—you may have picked the one that you had with me that day——

Mr. CLAYTOR. No; he was just the regular assigned fellow. I did not know who he was going to be.

Senator LAUTENBERG. He looked like an engineer and he sounded like an engineer. I did not see a chew of tobacco in his jaw, but the fact is that he was very busy, and that 45-second alert really struck me as something that just reminds the engineer to move something, from his elbows to other parts of his body, to make sure that the train knows that he is alive and well and functioning.

And I do not know how one can in impaired condition operate there without all of the tools necessary to do that job. I think it would be very helpful if the American people, particularly members of this body and the House, who do vote on it, take the occasion.

Mr. CLAYTOR. I have asked other members of the committee to let me know and I would be happy to go with them, with a road foreman on the engine, and give them a ride so they can see. I think it is very important that people see and understand this.

I want to add, let me say, Mr. Chairman, that if you really wanted to see an engineer who was busy, you would not ride the passenger train on the Northeast corridor. You would ride a 150-car freight train in the mountains, and that engineer really has a job that is far more difficult and far more stressful because he has not only got to almost continuously be working with his throttle and his brake, he has got to be blowing the whistle every mile for a grade crossing and he has got to be sure that when he puts the brake on he does it in an extraordinarily skillful way, because if he makes one little mistake the train will break in two and may result in a derailment.

He is under that threat all the time.

Senator LAUTENBERG. And he could be carrying dangerous material in that train.

Mr. CLAYTOR. That is right. So that being a locomotive engineer is a difficult and stressful job, but it is, in my opinion, having been in both areas, it is far less difficult and far less stressful on a passenger train in the Northeast corridor than in most heavy freight trains throughout the country.

Senator LAUTENBERG. Well, I would tell you that as I rode in that cab that day and saw the visual references that the engineer had to respond to, I did not like it. I come from an automated industry and I would have preferred that he did not have to see that round yellow circle indicating 40 or 50 or 60 miles per hour and do something. I would rather see him sitting back there and, as you said, I think, be the fail-safe for the breakdown of the mechanical system and not have to be the originator of things that change the course of events like that.

I would tell you rather than have them go to amusement parks, I would tell people to get, especially here, to get in the cab of that thing and you would see what we have to do in terms of capital equipment upgrades to make these systems as safe and efficient as possible.

Mr. CLAYTOR. Right.

Senator LAUTENBERG. One thing I have got to ask you. Why does the guy have to blow that whistle? Isn't there anything on the track that could say when you get a certain amount of weight over this the whistle goes?

Mr. CLAYTOR. No; I guess it is technically possible, but I know of nowhere in the country where that is done. There is a whistle post alongside the track at appropriate distance from a grade crossing. When he passes that whistle post, he pulls two long, a short, and a long blast on the whistle.

Senator LAUTENBERG. It sounds easy. Give me credit for the development of this idea and go ahead and use it. [Laughter.]

I just think it is too simple not to do, I must tell you.

I want to ask you about something that may surprise both of you. It has to do with Atlantic City. I have an interest in that.

Mr. CLAYTOR. Yes, sir.

Senator LAUTENBERG. And I wanted to ask you what the status of the Philadelphia to Atlantic City line is. You said last year, Mr. Claytor,

that you believed it could be the second highest revenue producer for Amtrak. Do you still feel that way?

ATLANTIC CITY LINE

Mr. CLAYTOR. Well, we have no reason to change it. We are still constructing the line. Our track-laying machine worked on putting down new rail on the Atlantic City line up until the end of the season. Right now we are working on such things as grade crossings and switches, which the track automated machine does not handle. And when the weather clears again, we will put the track-laying machine back and keep going.

The critical part on this, of course, is the signal equipment, because it has such long lead time. So we will have the track ready before we have the signal and control system ready. But we hope to do that in another 2 years.

Senator LAUTENBERG. What is our target date for operation?

Mr. CLAYTOR. I believe it is 1989, summer or fall of 1989. And we are working very closely with New Jersey Transit on this. It is a joint venture, as you know.

Senator LAUTENBERG. Yes; I do know. And we are pleased to see that equipment out there laying that rail, picking up the old stuff. I was very impressed with that.

Mr. CLAYTOR. That is quite a piece of machinery. It is the only piece of equipment like that in the United States.

Senator LAUTENBERG. The original estimate for Atlantic City, for the rail line, was projected at a cost of about $75 million. The breakdown, John, as you very well know—we negotiated much of this together—$30 million from the federal government, $45 million from New Jersey Transit. Does that budget still stand as a realistic budget?

Mr. CLAYTOR. Yes; I think that is realistic. I think we are going to be able to do that.

Senator LAUTENBERG. I want to thank all of you for being with us today. Obviously the expertise that you bring is unusual and very clarifying, very helpful, and we look forward to it.

SUBMITTED QUESTIONS

We have questions by some of my colleagues and by the chairman which we will submit to each of you and ask you to respond as quickly as you can.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

AMTRAK FUNDING

SENATOR LAUTENBERG: Mr. Claytor, you have requested the full appropriation of the fiscal year 1988 authorized level of $630.3 million. You have heard Mr. Riley explain his position that $478 million could keep Amtrak running. Do you agree with this?

ANSWER: No, I do not agree with Mr. Riley. A $478 million grant would eliminate all capital funding and require all self-generated capital funding to be used for operations. In addition, Amtrak would be required to make major train and frequency reduction that would trigger labor protection.

SENATOR LAUTENBERG: In the past, FRA has contended that wage freezes, frequency and route changes, extension of the Auto Train work rules, contracting out the food service, consolidation of maintenance facilities and station reductions, could reduce Amtrak's subsidy.

What have you done in these areas to lower Amtrak's operating expenses?

ANSWER: Over the past several years Amtrak has implemented many of the items mentioned. Amtrak management salaries were frozen for two years; an effort to freeze union wages would violate labor contracts, but agreements have been reached with most unions that provide for wages some 12% below those of their freight railway counterparts. In January, 1986, various frequency and service reductions were implemented, and service levels are constantly being reviewed and modified where economically justified. Over the years we have gradually consolidated maintenance facilities where economically justified, and have eliminated or unmanned many small stations. We contracted out food service on the Auto Train when it first started, but found that this service was both poorer and more expensive, and so discontinued it. In April, 1986, Amtrak began the takeover of most off-corridor train and engine crews which, when completed, will save an estimated $20-30 million annually.
In summary, actions such as these, together with revenue increases, have helped Amtrak to reduce the subsidy required for operations from $686 million in FY 1981 to the current FY88 requirement of $571 million -- a reduction of $115 million.

SENATOR LAUTENBERG: Mr. Claytor, what is your assessment of the likelihood of states and localities assuming all or part of your service especially in the Northeast Corridor?

ANSWER: In recent years, Northeast Corridor states have been polled by the U.S. Department of Transportation to determine the level of state interest in operating intercity service in the absence of Amtrak. All these states agreed that they would be unable to shoulder the financial burden necessary. I do not believe this situation has changed, and I believe the same reaction would be obtained if non-Northeast Corridor states were contacted. In the Northeast Corridor, commuter authorities operating over Amtrak lines (NJT, SEPTA, MDDOT and MBTA) would have to fund a total additional amount of $79.1 million over their present costs simply to maintain the Corridor. Given such a major increase, and the likelihood of reduced federal support for transportation, it is implausible to

suggest that these agencies could pick up any portion of Amtrak's operation on the Corridor.

SENATOR LAUTENBERG: Mr. Claytor, legislation passed in the last Congress allowed Amtrak to negotiate new track usage rates with Conrail.

What is the status of those negotiations and what additional revenues do you expect to realize?

ANSWER: As a means of settling the questions pending before the Interstate Commerce Commission under this legislation, Amtrak and Conrail agreed to significantly increase car-mile rates effective October 1, 1986. On the basis of Conrail's current car-mile levels, I would estimate added annual revenues of between $7 and 10 million. Also, due to the recent and anticipated reductions in freight traffic, I would expect over time to be able to reduce track-maintenance costs.

SENATOR LAUTENBERG: What savings do you estimate for your new train and engine crew agreements. When will they be fully implemented?

ANSWER: The last phase of the Train and Engine crew takeover should be completed during the second quarter of FY 88. Savings are estimated at an annual rate of $20-30 million after full takeover. This has been recognized in the FY 88 Grant Request.

SENATOR LAUTENBERG: Would it be fair to say that any reductions from the $630 million request would be accommodated through cuts in the Capital request? If not, how would you make up any difference.

ANSWER: Yes, any reductions made to the $630 million request would first be made in Amtrak's capital program. If additional cuts were required, they would have to come from service reductions, primarily in frequency of operation of our trains.

QUESTION: What is the fair market value of Amtrak's assets?

ANSWER: We do not know who would purchase our unique passenger railroad assets if were were required to liquidate. It is probable that most of these assets would be sold for scrap value which we estimate to be only 10¢ to 15¢ on the dollar or approximately $300 to $450 million. We estimate that disposal of these assets would take from 3-5 years.

SENATOR LAUTENBERG: What is the difference between the $35 million requested for the right of way track, signal and communications systems under Amtrak's capital budget and the $14.3 million requested for communication and signal system upgrades under the Northeast Corridor request?

ANSWER: The $14.3 million NECIP request funds safety-related signal and communication projects in the Northeast Corridor. The $35 million requirement covers other right-of-way projects throughout the Amtrak system, including various other critical, but not safety-related signal projects on the Northeast Corridor.

SENATOR LAUTENBERG: Is an authorization needed to appropriate funds for these activities if funded under NECIP.

ANSWER: Yes. Amtrak has requested the Senate Commerce Committee to authorize funding of these projects under NECIP.

SENATOR LAUTENBERG: Does the request for the Centralized electric traffic control between Wilmington and Philadelphia fully fund that project?

ANSWER: No. This request funds CETC from Wilmington to Philadelphia, but does not complete the project from Philadelphia to New York, or from New Haven to Providence.

SENATOR LAUTENBERG: Do you consider this a safety-related improvement?

ANSWER: Yes.

SENATOR LAUTENBERG: Please explain.

ANSWER: We are replacing an antiquated multiple segment manual control system that involves complex intercommunications between control towers and the train dispatcher, with a unitary computerized control system. This combines the dispatching and control functions and also means the human factor is greatly removed from the control of train operations. In my opinion, this is definitely a safety related improvement.

SENATOR LAUTENBERG: Mr. Claytor, how did you choose the $21.5 million for safety projects not authorized in the corridor authorization? In other words, is this an exhaustive list or did you leave some projects off your request?

ANSWER: The $21.5 million for safety projects is exhaustive and represents the capital required to fund the FY88 portion of a $85 million, five-year effort to improve Northeast Corridor safety.

SENATOR LAUTENBERG: Mr. Claytor, New Jersey Transit travels to a great deal on track owned by Amtrak. It has been reported that the number of delays experienced by the New Jersey Transit due to Amtrak dispatchers holding the transit trains fell from 790 in 1984 to 574 in 1986. Unfortunately, over the same period the delays caused by Amtrak draw bridge problems has increased from 74 to 189. Mr. Claytor, what is the nature of the draw bridge problem? Are the drawbridge problems going to get fixed?

ANSWER: Yes, we have been working very hard to reduce our train dispatching delays, but drawbridge delays have risen, especially on Portal Bridge, just south of the Hudson Tunnels. Unfortunately the NECIP program as finally approved did not include reconstruction of this elderly drawbridge. We have had a consultant study the drawbridge problem and possible improvements, and are currently discussing financial options with New Jersey Transit. One alternative that should be examined would be to close the bridge to water traffic and find an alternate means of accommodating needs of upstream business.

SENATOR LAUTENBERG: Equipment related delays measured in hours per month increased. What were the reasons and have you taken corrective action?

ANSWER: The average monthly number of equipment related delays increased from 102 in 1985 to 121 in 1986. The majority of these delays were caused by locomotive problems which were attributed to the following factors:

- o The locomotive fleet has increasingly aged. F40 average age is 8 years, P30 average age is 12 years, AEM-7 average age is 6 years, and E60 average age is 12 years.

- The locomotive fleet also increased mileage accumulation. The average mileage per unit per year for F40s, for example, increased from 170,000 in FY81 to 190,000 in FY86. AEM-7 average mileage per unit per year increased from 102,000 in FY81 to 165,000 in FY86.

We are initiating corrective action by several means. First, we are eliminating the effects of increased age and mileage accumulation by increasing our locomotive overhaul program. For example, F40 production increased from 35 last year to 50 this year. AEM-7 production increased from 10 last year to 16 this year. By the end of FY87, this will ensure that F40 locomotives are overhauled before exceeding 850,000 miles and that AEM-7 locomotives are overhauled before exceeding 500,000 miles, each level of which is well under manufacturers' recommended overhaul limits.

Second, we have implemented a concentrated periodic maintenance program on our locomotive fleet between overhaul intervals. These programs, which will improve locomotive reliaiblity, are underway at Chicago for the F40 fleet and at Washington for the AEM7 fleet.

Third, we have identified the need for an additional 11 F40 and 7 AEM7 locomotives based on their extensive utilization. We are in the process of requesting approval for this acquisition.

SENATOR LAUTENBERG: Amtrak's 1986 Annual Report shows two disturbing charts. The first is that on-time performance was down from 1985 to 1986 and equipment related delays measured in hours per month increased. What were the reasons and have you taken corrective action?

ANSWER: As passenger miles have increased, so has the delay incurred for handling passengers and baggage. Delays have also been caused by locomotive failures, freight derailments, and unusually bad weather. While there is little we can do about the latter, we are continually seeking to improve schedules to compensate for increased seasons. For example, extra sections operated in the Northeast Corridor for the 1986 Thanksgiving holiday season were scheduled in advance and published in a special timetable, thereby facilitating travel plans for the public and eliminating confusion at stations. Also, schedules to become effective 4/5/87 have been modified to reflect increased summer passenger traffic and seasonal maintenance-of-way activities. Improved passenger handling procedures, coupled with direct control of most train and engine crews, should result in more efficient use of station time.

SENATOR LAUTENBERG: Does Amtrak have its full complement of Board Members?

ANSWER: Yes. All 9 seats on the Board are filled.

SENATOR LAUTENBERG: Under current law is it true that a Board Member continues to serve when the term has expired yet no replacement has been offered by the President.

ANSWER: Except for the two members appointed by the Secretary of Transportation, members continue to serve until replaced.

SENATOR LAUTENBERG: Are you satisfied that the Board has provided you with the support, the energy and the dedication necessary to continue improvements at Amtrak?

ANSWER: Yes. The Board has been supportive of continued improvements at Amtrak.

SENATOR LAUTENBERG: What would be the estimated cost to New York of absorbing the cost of the Corridor, if Amtrak were sold? Provide an analysis of the New York impact of Amtrak elimination in the following areas:

- Jobs (Amtrak and related)
- Commuter access to employment center
- Related modes (airport and highway capacity investments)

ANSWER: Amtrak employs 2,362 of New York's residents, whose annualized earnings total about $55.5 million.

The majority of Amtrak's arrivals (approximately 9,000) arrive in New York's Penn Station from New Jersey. New Jersey Transit commuter trains use the same Amtrak trackage to arrive in Penn Station, carrying approximately 21,000 commuters a day. At present, the Lincoln and Holland Tunnels daily handle 233,000 vehicles from New Jersey, with delays at peak hours averaging 25-30 minutes. If Amtrak and New Jersey transit trains were halted and their passengers forced to enter New York by car, taxi, van pool, etc., up to 20,000 additional motor vehicles would have to use the Lincoln and Holland Tunnels to enter New York. The Port Authority states that the tunnels could not accommodate any increases during peak travel hours, and that this additional crush of vehicles could increase delays through the tunnels substantially.

In 1985, Amtrak carried more than twice as many passengers between and among the Northeast Corridor cities of Newark, Philadelphia, Wilmington, Baltimore, and Washington as all airlines combined. Daily figures were as follows:

Amtrak passengers (non-commuter) 16,500
Air passengers (non-connecting) 8,000

New York airports could not handle all these Amtrak passengers going to New York. Between the end points of New York and Washington, Amtrak last year surpassed Eastern Airlines to become the largest carrier for the city pair. The additional air traffic between these end points alone would strain Washington National Airport by requiring 43 additional 70-passenger flights per day, or some 1,090,000 additional passengers per year. Already over-crowded New York airports would be even more severely strained.

SENATOR LAUTENBERG: List the frequency reductions for Fiscal Years 1985, 1986, and 1987.

ANSWER: The following are our frequency reductions for Fiscal Years 85, 86, and 87:

FY 1985 Name/Route	Action
The Gulf Coast Limited (Mobile-New Orleans)	Discontinued 1-06-85
The Silver Palm (Miami-Tampa)	Discontinued 4-30-85
The North Star (St. Paul-Duluth)	Discontinued 4-07-85
The Carolinian (Richmond-Raleigh-Charlotte)	Discontinued 9-02-85

FY 1986

Name/Route	Action
Mt. Rainier (Portland-Seattle)	Daily to four days per week. Resumed daily operation on 6-15-86.
Shawnee (Chicago-Carbondale)	Combined with Chicago-Champaign Illini.
Wolverine-Twilight Limited (Chicago-Detroit)	Daily to Fri.-Sat.-Sun. only.
Indiana Connection (Chicago-Valparaiso)	Combined with Chicago-Valparaiso Calumet.
State House (Chicago-St. Louis)	Discontinued Saturday southbound; Sunday northbound.
Empire State Express (New York-Niagara Falls)	Discontinued between Albany and Niagara Falls.
Harrisburg-Philadelphia	Four weekday round trips discontinued.
Blue Ridge (Washington-Martinsburg)	Maryland DOT assumed responsibility for operation.

The following services were operated on a triweekly basis from January 12 to March 20 and then resumed daily operation for the remainder of FY86:

Name/Route	Action
Pioneer (Chicago-Seattle)	Operated triweekly between Salt Lake City and Seattle.
Crescent (New York-New Orleans)	Operated triweekly between Atlanta and New Orleans.
Palmetto (New York-Savannah)	Operated triweekly between Washington and Savannah.

FY 1987

Name/Route	Action
Pioneer (Chicago-Seattle)	Is operating triweekly between Salt Lake City and Seattle, October 26, 1986 to April 4, 1987. In addition, the Pioneer is operating Seattle-Portland on Saturdays only, November 1, 1986 to April 4, 1987.

SENATOR LAUTENBERG: List frequency increases and new services added for Fiscal Years 1985, 1986, and 1987

ANSWER: The following are our frequency increases and new services for Fiscal Years 85, 86, and 87:

FY 1985 Name/Route	Action
The Carolinian (Richmond-Raleigh-Charlotte)	Began operation 10-28-84. Discontinued 09-02-85.

FY 1986 Name/Route	Action
The Loop (Chicago-Springfield)	Began operation effective 04-28-86.
The Mount Rainier (Portland-Seattle)	Resumed daily operation 06-15-86.

FY 1987 Name/Route	Action
Metroliner Service (NYP-WAS-NYP)	Added two new weekday frequencies on 10-26-86.
Metroliner Service (NYP-PHL-NYP)	Additional Monday-Thursday NYP-PHL and Monday-Friday PHL-NYP frequency effective 10-26-86.
Metroliner Service (NYP-BOS-NYP)	Extended one Metroliner frequency to operate NYP-BOS on Fridays, returning from Boston on Sundays.
Capitol Limited (WAS-PGH-CHI)	Began independent operation west of Pittsburgh effective 10-26-86.

SENATOR LAUTENBERG: Provide for the record Amtrak's capital investment program of $191 million referred to in Mr. Claytor's opening statement. Include a brief project description and estimate of costs.

ANSWER: The major programs comprising Amtrak's total FY88 capital requirements are:

	$ Millions
Rolling Stock	$ 57
Maintenance Facilities	22
Stations/On-Board Services	24
Right of Way	45
Information and Communication Systems	23
Other	20
	$191

These programs include:

Rolling Stock - $57 million

- Equipment Modifications/Rehabilitation/Upgrades - Modify Superliner, Amfleet, and Heritage equipment to improve passenger comfort and equipment reliability. Rehabilitate and modernize stored, but unserviceable, equipment for push/pull service. $30 million.

- New Equipment Acquisitions - Acquire new baggage cars, long-lead materials for new single level cars, and auto carriers. $27 million.

Maintenance Facilities - $22 million

- Sunnyside Yard - Continue the rebuilding of this major servicing terminal to replace obsolete, deteriorating facilities to improve efficiency and reduce costs. $9 million.

- Other Maintenance Facility Improvements - Make major investments at Beech Grove, Chicago, Boston, Wilmington and Los Angeles, as well as other system facilities, to improve efficiency, equipment availability, and service quality. $13 million.

Stations/On-Board Services - $24 million

- Station Improvements - Upgrade selected stations to improve service quality, safety, handicapped accessibility, and to promote revenue growth. Amtrak vigorously encourages and solicits local and state participation in these projects to enlarge the pool of funds available for these investments. $5 million.

- Headquarters Relocation - Relocate a portion of Amtrak headquarters from its present location to more cost-effective spaces. $5 million.

- New Commissary, Sunnyside Yard - Replace the last major commissary needed for Amtrak's on-board service functions. This project will reduce operating costs by replacing the existing obsolete facility. $4 million.

- 30th Street Station, Philadelphia - Upgrade 30th Street Station to develop additional revenue streams using Amtrak's Real Estate resources. $10 million.

Right-of-Way - $45 million

- West Side Connection - Provide Amtrak's portion of the remaining funding required to complete this project. Once complete, the West Side line will allow Amtrak to operate Empire Corridor trains into Penn

Station to generate increased connecting revenues and reduce costs by withdrawing from Grand Central Terminal. $15 million.

- o Track Work - Install continuous welded rail, replace ties, rehabilitate interlockings, perform undercutting and renew turnouts. $11 million

- o Bridges and Building Work - Upgrade bridges, catenary poles, and tunnels on the NEC. $5 million

- o Electric Traction Work - Install new power-supply cables, replace signal power machines, and paint power substations. $2 million

- o Communication and Signal Work - Replace signal light supports, renovate compressed air systems, install all relay interlockings, and construct a new centralized train control system (CTC) on the Springfield line. $6 million

- o Vehicles and Track Equipment - Replace aging vehicles, acquire facility support equipment and track equipment, and undertake other improvement projects. $6 million.

Information and Communication Systems - $23 million

- o Ticketing and Reservation Equipment - Acquire new ticketing and reservation equipment to replace existing equipment that has exceeded its useful life. This investment will improve passenger convenience by increasing ticketing reliability and efficiency. $8 million.

- o Computer Equipment - Acquire computer equipment to upgrade existing systems and replace equipment that has exceeded its service life. These investments will also reduce the need for leased equipment. $15 million.

Other Requirements - $20 million

- o Mandatory Obligations - Finance various business, legal, insurance, and environmental requirements. $8 million.

- o Project Contingency - Fund anticipated, but unknown, emergency situations and new, but currently unidentified, business opportunities that may occur in FY88. $12 million.

SENATOR LAUTENBERG: List the 403(b) service provided, the costs allocated to each train and the amount of reimbursement by the states.

ANSWER: The attached table lists 403(b) services provided with the costs allocated to each train and the amount of reimbursement by the states:

AMTRAK 403(B) SERVICES - FISCAL YEAR 1987

	Projected Long-tera Avoidable Cost	Projected State Contribu-tion 1/
Philadelphia-Harrisburg	1,156	589
Chicago-Springfield	3,697	805
Chicago-Carbondale 2/	4,321	428
Chicago-Quincy	3,741	1,069
Los Angeles-San Diego	6,679	926
Oakland-Bakersfield	9,193	2,412
Albany-Montreal	3,466	602
Chicago-Port Huron-(TOR)	4,190	685
Kansas City-St Louis	7,162	2,262
Pittsburgh-Philadelphia-(NYC)	3,905	363
Chicago-Grand Rapids	2,029	545
TOTAL 403(B)	49,539	10,686

1/ Projected state contribution is based on 45 percent of short-tera avoidable loss in first year, 65 percent the second and subsequent years, plus 50 percent of the associated equipaent capital cost.

2/ Shown is the iapact of Chicago-Carbondale service although it is subsidized by the State of Illinois between Chicago and Champaign.

SENATOR LAUTENBERG: Federal commitment to the Atlantic City line is limited to $30 million. The original cost estimate for the project was $75 million. However, New Jersey Transit has invested more than the original estimated $45 million. Provide the committee a breakdown of the total project costs by major activity and the source of funds.

ANSWER: The breakdown of costs follows:

	$ Millions			
	Estimated Cost	Sources		
		Amtrak	NJT	Total
Track	$16.9			
Bridges & Buildings	9.8			
Communication and Signals	9.7			
Grade Crossings	4.2			
Right of Way Fencing	3.2			
Miscellaneous and Support	14.5			
	58.3	30.0	28.3	58.3
Freight Siding	10.0	-	10.0	10.0
Atlantic City Terminal	15.0	-	15.0	15.0
	$83.3	$30.0	$53.3	$83.3

SENATOR LAUTENBERG: Provide for the record a brief description of the commuter trains you are operating for Maryland DOT and Massachusetts Bay Transit Authority, include costs and reimbursements.

ANSWER: Amtrak is currently operating an average of ten trains a day between Washington, D.C. and Baltimore, Maryland. The service costs aproximately $2.5 million annually for which Amtrak is fully reimbursed.

Beginning in January 1987 Amtrak assumed operation of approximately 228 trains a day for MBTA in the greater Boston area. Costs to provide the service in FY88 are estimated at $69.6 million. Amtrak will be fully reimbursed for the operating costs. In addition, on-time performance incentives are estimated to generate an additional $1.8 million of revenue for the year.

SENATOR LAUTENBERG: The Administration has called the Amtrak subsidy a middle-class subsidy. Provide a passenger profile that includes age and income.

ANSWER: Passenger profiles from a system-wide survey conducted in 1985 are described below. Short-distance riders include Northeast Corridor travellers.

Summer 1985 Long-Distance Passengers

The vast majority were travelling to visit family or friends or were on vacation/recreation trips.

Long-distance passengers seem to be more evenly distributed among age categories, except for having fewer in the 18 to 24-year-old range. Almost one-fifth were 65-years-old or older.

Less than one-half of long-distance travellers were employed full-time. About one-third were retired or homemakers.

This group was less affluent than short-distance travellers, with over one-third having annual household incomes under $20,000.

While not as highly educated as other passenger groups, most long-distance passengers had at least a high-school education.

Summer 1985 Short-Distance Passengers (Mostly in Northeast Corridor)

Most were travelling for business or commuting to or from work.

Most passengers were between 25-years-old and 44-years-old.

The vast majority of short-distance passengers were employed full-time.

Short distance riders were more affluent than other groups of train riders, with a significant portion having annual household incomes of $40,000 or more.

This group was very well-educated, with almost all riders having attended college.

SENATOR LAUTNEBERG: Provide a route system breakdown on corridor trains, state supported 403(B) trains, short distance trains 404(D)(2) and long distance trains, and commuter trains 403(D). Include revenue/cost ratio, short-term available profit (loss) per mile and the absolute dollars both costs and revenues for each train (costs should include both fully allocated costs and short term costs). This should cover the most recent year, and that projected for fiscal years 1987 and 1988.

ANSWER: The attached tables detail the required information on a route-by-route basis.

FY1986 ROUTE BY ROUTE SUMMARY
($1000 $)

	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS)	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000 $)	TRAIN MILES (000 $)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/(LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
NORTHEAST CORRIDOR											
METROLINER SERVICE	60,013	38,455	21,558	32,208	27,805	206,037	1,480	139	0.135	1.56	1.86
NEC CONVENTIONALS	152,310	125,401	26,909	102,787	49,523	924,021	5,007	185	0.054	1.21	1.48
NYC-PHILADELPHIA	4,020	4,010	10	3,331	689	25,086	160	157	0.027	1.00	1.21
PHILADELPHIA-HARRISBURG	2,233	4,429	(2,196)	3,873	(1,640)	19,196	272	71	(0.085)	0.50	0.58
TOTAL NEC	218,576	0	0	0	0	1,174,340	6,927	170	0.045	1.27	1.54
SHORT DISTANCE											
NYC-NIAGARA FALLS	20,873	31,232	(10,359)	23,917	(3,044)	148,315	1,337	111	(0.021)	0.67	0.87
CHICAGO-ST. LOUIS	4,425	8,088	(3,663)	6,564	(2,139)	37,796	467	81	(0.057)	0.55	0.67
CHICAGO-MILWAUKEE	1,969	3,620	(1,651)	3,112	(1,143)	15,122	185	82	(0.076)	0.54	0.63
CHICAGO-DET-TOLEDO	6,956	12,529	(5,573)	10,645	(3,689)	61,897	564	110	(0.056)	0.56	0.67
L.A.-SAN DIEGO	8,728	12,010	(3,282)	10,125	(1,397)	45,833	367	179	(0.021)	0.73	0.86
PORTLAND-SEATTLE	1,094	2,291	(1,197)	1,981	(889)	10,967	109	101	(0.081)	0.48	0.55
CHICAGO-INDIANAPOLIS	1,457	2,855	(1,398)	2,422	(965)	10,940	141	78	(0.088)	0.51	0.60
TOTAL SHORT DISTANCE	45,502	0	0	0	0	350,870	3,170	111	(0.037)	0.63	0.78
403B											
PHILA-HARRISBURG	1,186	1,627	(441)	1,424	(238)	5,146	71	72	(0.046)	0.73	0.83
SYRACUSE-NIAGARA FALLS	981	1,239	(258)	941	40	7,932	37	214	0.005	0.79	1.04
CHICAGO-SPRINGFIELD	2,287	2,868	(581)	2,328	(41)	13,840	170	81	(0.003)	0.80	0.98
CHICAGO-CARBONDALE	2,887	4,256	(1,369)	3,527	(640)	19,153	250	77	(0.033)	0.68	0.82
CHICAGO-QUINCY	2,902	3,470	(568)	2,945	(43)	14,215	190	75	(0.003)	0.84	0.99
L.A.-SAN DIEGO	6,937	7,069	(132)	5,960	977	43,243	277	156	0.023	0.98	1.16
OAKLAND-BAKERSFIELD	8,269	9,463	(1,195)	7,913	355	45,027	439	102	0.008	0.87	1.04
ALBANY-MONTREAL	2,760	3,890	(1,130)	3,011	(251)	15,466	148	104	(0.016)	0.71	0.92
CHICAGO-PORT HURON-(TOR)	3,621	4,297	(676)	3,623	(2)	19,972	230	87	(.000)	0.84	1.00
KANSAS CITY-ST. LOUIS	5,384	6,451	(1,065)	5,427	(41)	27,000	404	67	(0.002)	0.83	0.99
PITTSBURGH-PHIL-(NYC)	3,987	4,419	(432)	3,647	340	27,253	255	107	0.012	0.90	1.09
CHICAGO-GRAND RAPIDS	1,906	2,225	(319)	1,872	34	8,388	127	65	0.004	0.86	1.02
TOTAL 403B	43,108	0	0	0	0	246,695	2,598	95	0.000	0.84	1.01
403C											
NYC-PHILADELPHIA	7,682	7,335	267	6,629	1,373	63,224	168	376	0.025	1.04	1.26
PHILA-HARRISBURG	1,130	2,445	(1,311)	2,142	(1,008)	9,311	87	112	(0.108)	0.46	0.53
NYC-HARRISBURG	3,144	2,680	464	2,263	881	21,323	96	222	0.041	1.17	1.39
WASHINGTON-HARTINGBURG	98	253	(155)	218	(120)	1,369	9	146	(0.088)	0.39	0.45
CHICAGO-VALPARAISO	480	1,063	(583)	911	(431)	5,445	28	193	(0.079)	0.45	0.53
TOTAL 403B	12,438	0	0	0	0	100,672	384	262	0.009	0.90	1.08
LONG DISTANCE											
WASHINGTON-MONTREAL	5,028	10,850	(5,822)	8,589	(3,561)	42,099	203	207	(0.085)	0.46	0.59
NYP-FLA: SILVER STAR	25,318	43,448	(18,130)	33,092	(8,574)	262,441	1,181	222	(0.033)	0.58	0.75
NYP-FLA: SILVER METEOR	29,451	43,024	(13,573)	33,247	(3,796)	315,155	1,031	306	(0.011)	0.69	0.89
CHICAGO-NYC/WASH (A)	21,089	31,406	(10,317)	24,111	(3,022)	175,847	870	202	(0.017)	0.67	0.87
CHICAGO-WASH-NYC (B)	4,338	10,146	(5,808)	7,794	(3,456)	40,958	239	158	(0.084)	0.43	0.56
CHICAGO-SEA/PORTLAND	29,371	55,346	(25,975)	45,095	(15,724)	280,005	1,864	150	(0.056)	0.53	0.65
CHICAGO-OAK/LA/SEA	52,530	92,224	(39,694)	76,165	(23,635)	509,240	2,990	170	(0.046)	0.57	0.69
(CHI)-SALT LAKE-OAK								271	(0.043)	0.59	0.70
(CHI)-SALT LAKE-LA								241	(0.036)	0.46	0.53
(CHI)-SALT LAKE-SEA								152	(0.078)	0.61	0.72
CHICAGO-LOS ANGELES	28,823	47,356	(18,533)	37,219	(8,396)	262,999	1,584	166	(0.032)	0.61	0.77
CHICAGO-NEW ORLEANS	11,379	19,227	(7,848)	14,834	(3,455)	111,125	665	167	(0.031)	0.59	0.77
CHICAGO/TEX ORLEANS-LA	16,791	33,850	(17,059)	27,605	(10,814)	190,958	946	202	(0.057)	0.50	0.61
CHI-SAN ANTONIO-(LA)								320	(0.037)	0.50	0.70
HOU-SAN ANTONIO-(LA)								319	(0.047)	0.55	0.67
LOS ANGELES-SEATTLE	30,415	41,795	(11,380)	34,465	(4,050)	304,526	975	314	(0.013)	0.73	0.88
CHICAGO-NYC/BOSTON	19,581	29,564	(9,983)	22,811	(3,230)	175,732	838	210	(0.018)	0.66	0.86
BOSTON-NEWPORT NEWS	4,651	6,059	(1,408)	5,075	(424)	42,990	215	200	(0.010)	0.77	0.92
NEW YORK-SAVANNAH	6,534	11,354	(4,820)	9,151	(2,617)	58,986	388	152	(0.044)	0.58	0.71
NEW YORK-NEW ORLEANS	19,023	33,069	(14,046)	25,211	(6,188)	173,704	959	181	(0.036)	0.58	0.75
(KCY)-STL-CEN-(NOL)	622	1,465	(843)	1,023	(401)	6,953	48	145	(0.058)	0.42	0.61
AUTO TRAIN	34,481	29,064	5,417	22,079	12,402	162,552	618	263	0.076	1.19	1.56
TOTAL LONG DISTANCE	339,625	0	0	0	0	3,118,192	15,634	199	(0.029)	0.63	0.79
ROUTE TOTAL	659,249	0	0	0	0	4,990,369	28,713	174	(0.045)	0.78	0.96
OTHER	202,169										
SYSTEM TOTAL	861,418										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.
(A) BROADWAY/CAPITOL LIMITED
(B) CARDINAL

NOTES ACCOMPANYING FY86 ROUTE BY ROUTE SUMMARY

GENERAL NOTES:

* INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
  NONE

SHORT DISTANCE:
  NONE

403(B):
  ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

403(D):
  NONE

LONG DISTANCE:
  CHICAGO-NYC/WAS: BROADWAY/CAPITOL LIMITED
  CHICAGO-WAS-NYC: CARDINAL

PERFORMANCE CRITERIA:

  SHORT DISTANCE:
    SHORT-TERM AVOIDABLE (LOSS)/PM: (.141)

  LONG DISTANCE:
    SHORT-TERM AVOIDABLE (LOSS)/PM: (.108)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
  NONE

CORPORATE PLANNING
FEBRUARY 6, 1987
DISK: 156 FILE: FY86NOTE

FY1987 ROUTE BY ROUTE FORECAST
AS OF FEBRUARY 17, 1987
$(000'S)

	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000'S)	TRAIN MILES (000'S)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/ (LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
NORTHEAST CORRIDOR											
METROLINER SERVICE	64,436	44,798	19,648	37,637	26,799	217,434	1,796	121	0.123	1.44	1.71
NEC CONVENTIONALS	156,916	123,580	33,336	101,295	55,621	934,747	5,093	184	0.060	1.27	1.55
NYC-PHILADELPHIA	3,993	4,298	(305)	3,552	441	24,066	168	143	0.018	0.93	1.12
PHILADELPHIA-HARRISBURG	2,571	4,288	(1,717)	3,761	(1,190)	21,207	221	96	(0.056)	0.60	0.68
TOTAL NEC	227,916	0	0	0	0	1,197,454	7,278	165	0.068	1.29	1.56
SHORT DISTANCE											
NYC-NIAGARA FALLS	21,221	28,367	(7,146)	21,654	(433)	154,123	1340	115	(0.003)	0.75	0.98
CHICAGO-ST. LOUIS	4,182	7,860	(3,678)	6,390	(2,208)	34,897	472	74	(0.063)	0.53	0.65
CHICAGO-MILWAUKEE	2,056	3,357	(1,301)	2,894	(838)	16,335	188	87	(0.051)	0.61	0.71
CHICAGO-DET-TOLEDO	6,767	11,185	(4,418)	9,321	(2,554)	64,003	547	117	(0.040)	0.60	0.73
L.A.-SAN DIEGO	8,971	9,668	(697)	8,124	847	68,649	374	184	0.012	0.93	1.10
PORTLAND-SEATTLE	1,241	2,609	(1,368)	2,249	(1,008)	12,541	134	94	(0.080)	0.48	0.55
CHICAGO-INDIANAPOLIS	1,365	2,387	(1,022)	2,023	(658)	10,844	142	76	(0.061)	0.57	0.67
TOTAL SHORT DISTANCE	45,803	0	0	0	0	361,392	3,197	113	(0.019)	0.70	0.87
403B											
PHILA-HARRISBURG	951	1,156	(205)	1,014	(63)	2,909	69	42	(0.022)	0.82	0.94
CHICAGO-SPRINGFIELD	3,139	3,697	(558)	3,006	133	19,531	231	85	0.007	0.85	1.04
CHICAGO-CARBONDALE	2,874	4,321	(1,447)	3,571	(697)	18,234	226	81	(0.038)	0.67	0.80
CHICAGO-QUINCY	2,933	3,741	(806)	3,170	(237)	14,461	191	76	(0.016)	0.78	0.93
L.A.-SAN DIEGO	6,961	6,679	282	5,613	1,348	45,094	280	161	0.030	1.04	1.24
OAKLAND-BAKERSFIELD	8,034	9,193	(1,159)	7,661	393	46,018	455	101	0.009	0.88	1.05
ALBANY-MONTREAL	2,680	3,466	(786)	2,687	(7)	15,760	177	89	(.000)	0.77	1.00
CHICAGO-PORT HURON-(TOR)	3,287	4,190	(903)	3,521	(134)	20,411	231	88	(0.007)	0.81	0.96
KANSAS CITY-ST. LOUIS	5,109	7,162	(1,973)	5,823	(634)	27,595	413	67	(0.023)	0.72	0.89
PHIL-PITTSBURGH-(NYC)	3,982	3,905	77	3,227	755	27,853	256	109	0.027	1.02	1.23
CHICAGO-GRAND RAPIDS	1,900	2,029	(129)	1,705	195	8,704	128	68	0.022	0.94	1.11
TOTAL 403B	42,052	0	0	0	0	246,570	2,657	93	0.004	0.85	1.03
403B											
NYC-PHILADELPHIA	7,790	8,186	(396)	6,765	1,025	62,001	184	337	0.017	0.95	1.15
PHILA-HARRISBURG	648	1,621	(973)	1,422	(774)	5,957	53	112	(0.130)	0.40	0.46
NYC-HARRISBURG	3,700	2,994	706	2,516	1,184	25,327	98	260	0.046	1.24	1.47
CHICAGO-VALPARAISO	468	841	(373)	719	(251)	3,234	22	238	(0.048)	0.56	0.65
TOTAL 403B	12,606	0	0	0	0	98,715	357	277	0.012	0.92	1.10
LONG DISTANCE											
WASHINGTON-MONTREAL	5,168	12,036	(6,868)	9,352	(4,184)	45,084	226	199	(0.097)	0.43	0.54
NYP-FLA: SILVER STAR	25,348	41,462	(16,122)	32,392	(7,052)	259,670	1,190	218	(0.027)	0.61	0.78
NYP-FLA: SILVER METEOR	29,485	42,356	(12,871)	32,834	(3,349)	312,291	1,037	301	(0.011)	0.70	0.90
CHICAGO-NYC/WASH (A)	21,744	34,554	(12,810)	26,580	(4,836)	177,205	1,223	145	(0.027)	0.63	0.82
CHICAGO-WASH-NYC (B)	4,327	11,318	(6,991)	8,860	(4,533)	42,095	298	141	(0.103)	0.39	0.51
CHICAGO-SEA/PORTLAND	51,670	56,269	(24,599)	45,747	(14,077)	302,222	1,884	160	(0.047)	0.56	0.69
CHICAGO-SLC-OAKLAND	34,324	54,385	(20,061)	44,578	(10,254)	280,433	1,771	163	(0.036)	0.63	0.77
(CHI)-SLC-LOS ANGELES	11,847	16,632	(4,785)	13,860	(2,013)	136,900	576	238	(0.015)	0.71	0.85
(CHI)-SLC-SEATTLE	9,069	17,166	(8,097)	14,425	(5,356)	105,091	587	180	(0.051)	0.53	0.63
CHICAGO-LOS ANGELES	31,751	44,347	(12,596)	34,919	(3,168)	268,200	1,638	164	(0.012)	0.72	0.91
CHICAGO-NEW ORLEANS	11,313	19,921	(8,608)	15,324	(3,811)	112,657	675	167	(0.034)	0.58	0.75
CHICAGO-SAN ANTONIO-(LA)	9,077	16,573	(7,496)	13,298	(4,181)	109,711	319	344	(0.038)	0.55	0.68
NEW ORLEANS-SAN-LOS ANGELES	7,781	18,000	(10,219)	14,876	(7,095)	84,457	436	133	(0.084)	0.43	0.52
LOS ANGELES-SEATTLE	32,680	39,842	(7,162)	32,927	(247)	335,294	1,014	331	(0.001)	0.82	0.99
CHICAGO-NYC/BOSTON	20,669	27,835	(7,166)	21,427	(758)	163,191	846	193	(0.005)	0.74	0.96
BOSTON-NEWPORT NEWS	4,816	6,073	(1,257)	5,183	(367)	44,151	216	204	(0.007)	0.79	0.94
NEW YORK-SAVANNAH	6,433	10,993	(4,560)	8,865	(2,432)	72,476	440	165	(0.034)	0.59	0.73
NEW YORK-NEW ORLEANS	20,396	34,969	(14,573)	26,694	(6,298)	189,278	1,046	180	(0.033)	0.59	0.77
(ECY)-STL-CEB-(MBL)	652	1,432	(780)	1,164	(513)	7,187	67	131	(0.072)	0.46	0.56
AUTO TRAIN	36,982	31,778	4,224	24,874	11,928	164,797	629	262	0.072	1.13	1.38
TOTAL LONG DISTANCE	355,164	0	0	0	0	3,221,638	16,238	198	(0.022)	0.66	0.83
ROUTE TOTAL	683,521	0	0	0	0	5,125,169	29,747	172	0.001	0.81	1.01
OTHER	303,879										
SYSTEM TOTAL	987,400										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.
(A) BROADWAY LIMITED & CAPITOL LIMITED
(B) CARDINAL

NOTES ACCOMPANYING FY87 ROUTE BY ROUTE

GENERAL NOTES:

* INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
NONE

SHORT DISTANCE:
NONE

403(B):
ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

403(D):
NONE

LONG DISTANCE:
EFFECTIVE FY87 THE FOLLOWING SERVICES ARE NO LONGER REPORTED AS BASE INCREMENT:
CHICAGO-SLC-OAKLAND
NEW ORLEANS-SAS-LOS ANGELES

PERFORMANCE CRITERIA:

SHORT DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.146)

LONG DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.112)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
NONE

FY1988 ROUTE BY ROUTE FORECAST
AS OF FEBRUARY 25, 1987
$(000 $)

	REVENUE	LONG-TERM AVOIDABLE COST	LONG-TERM AVOIDABLE PROFIT/(LOSS	SHORT-TERM AVOIDABLE COST	SHORT-TERM AVOIDABLE PROFIT/(LOSS)	PASSENGER MILES (000 $)	TRAIN MILES (000 $)	PM/TM	SHORT-TERM AVOIDABLE PROFIT/ (LOSS)/PM	REVENUE/ LONG-TERM AVOIDABLE COST	REVENUE/ SHORT-TERM AVOIDABLE COST
NORTHEAST CORRIDOR											
METROLINER SERVICE	69,600	46,624	22,976	39,180	30,420	224,057	1,796	125	0.136	1.49	1.78
NEC CONVENTIONALS	169,369	128,647	40,722	105,448	63,921	963,205	5,093	189	0.066	1.32	1.61
NYC-PHILADELPHIA	4,307	4,475	(168)	3,698	609	24,934	168	148	0.024	0.96	1.16
PHILADELPHIA-HARRISBURG	2,773	4,463	(1,690)	3,915	(1,142)	21,866	221	99	(0.052)	0.62	0.71
TOTAL NEC	246,049	0	0	0	0	1,234,062	7,278	170	0.076	1.34	1.62
SHORT DISTANCE											
NYC-NIAGARA FALLS	22,944	29,530	(6,586)	22,542	402	158,817	1340	119	0.003	0.78	1.02
CHICAGO-ST. LOUIS	4,522	7,723	(3,201)	6,279	(1,757)	35,959	472	76	(0.049)	0.59	0.72
CHICAGO-MILWAUKEE	2,218	3,495	(1,277)	3,013	(795)	16,833	188	90	(0.047)	0.63	0.74
CHICAGO-DET-TOLEDO	7,317	11,644	(4,327)	9,703	(2,386)	65,953	547	121	(0.036)	0.63	0.75
L.A.-SAN DIEGO	9,705	9,772	(67)	8,212	1,493	70,740	374	189	0.021	0.99	1.18
PORTLAND-SEATTLE	1,345	2,777	(1,432)	2,394	(1,049)	12,923	134	96	(0.081)	0.48	0.56
CHICAGO-INDIANAPOLIS	1,476	2,485	(1,009)	2,106	(630)	11,175	142	79	(0.056)	0.59	0.70
TOTAL SHORT DISTANCE	49,527	0	0	0	0	372,400	3,197	116	(0.013)	0.73	0.91
403B											
PHILA-HARRISBURG	1,002	1,204	(202)	1,056	(54)	2,998	69	43	(0.018)	0.83	0.95
CHICAGO-SPRINGFIELD	3,313	3,648	(335)	2,966	347	20,126	231	87	0.017	0.91	1.12
CHICAGO-CARBONDALE	3,102	4,453	(1,351)	3,680	(578)	18,789	226	83	(0.031)	0.70	0.84
CHICAGO-QUINCY	3,022	3,788	(766)	3,210	(188)	14,901	191	78	(0.013)	0.80	0.94
L.A.-SAN DIEGO	9,920	10,620	(700)	8,924	996	60,492	449	135	0.016	0.93	1.11
OAKLAND-BAKERSFIELD	8,496	9,364	(868)	7,803	693	47,419	455	104	0.015	0.91	1.09
ALBANY-MONTREAL	2,875	3,608	(733)	2,797	78	16,240	177	92	0.005	0.80	1.03
CHICAGO-PORT HURON-(TOR)	3,636	4,361	(725)	3,665	(29)	21,032	231	91	(0.001)	0.83	0.99
KANSAS CITY-ST. LOUIS	5,534	7,456	(1,922)	6,062	(528)	28,435	413	69	(0.019)	0.74	0.91
PHIL-PITTSBURGH-(NYC)	4,290	4,064	226	3,359	931	28,703	256	112	0.032	1.06	1.28
CHICAGO-GRAND RAPIDS	2,033	2,112	(79)	1,775	258	8,969	128	70	0.029	0.96	1.15
TOTAL 403B	47,223	0	0	0	0	268,104	2,826	95	0.007	0.86	1.04
403B											
NYC-PHILADELPHIA	8,403	8,521	(118)	7,042	1,361	63,751	184	346	0.021	0.99	1.19
PHILA-HARRISBURG	699	1,607	(908)	1,480	(781)	6,125	53	116	(0.128)	0.41	0.47
NYC-HARRISBURG	3,995	3,117	878	2,619	1,376	26,319	98	269	0.052	1.28	1.53
CHICAGO-VALPARAISO	505	875	(370)	748	(243)	5,389	22	245	(0.345)	0.58	0.68
TOTAL 403D	13,602	0	0	0	0	101,584	357	285	0.017	0.96	1.14
LONG DISTANCE											
WASHINGTON-MONTREAL	5,583	12,529	(6,946)	9,944	(4,361)	46,374	226	205	(0.094)	0.45	0.56
NYP-FLA: SILVER STAR	27,271	43,162	(15,891)	33,720	(6,449)	267,579	1,190	225	(0.024)	0.63	0.81
NYP-FLA: SILVER METEOR	31,956	44,092	(12,136)	34,180	(2,224)	321,802	1,037	310	(0.007)	0.72	0.93
CHICAGO-NYC/WASH (A)	23,265	35,971	(12,706)	27,670	(4,405)	182,602	1,223	149	(0.024)	0.65	0.84
CHICAGO-WASH-NYC (B)	4,894	11,990	(7,096)	9,223	(4,329)	43,377	298	146	(0.100)	0.41	0.53
CHICAGO-SEA/PORTLAND	34,074	55,148	(21,074)	44,836	(10,762)	311,426	1,884	165	(0.035)	0.62	0.76
CHICAGO-SLC-OAKLAND	34,654	53,115	(20,461)	45,176	(10,522)	289,875	1,771	164	(0.036)	0.63	0.77
(CHI)-SLC-LOS ANGELES	13,033	15,720	(2,687)	13,100	(67)	140,203	576	243	(.000)	0.83	0.99
(CHI)-SLC-SEATTLE	10,274	20,344	(10,070)	17,096	(6,822)	111,580	788	142	(0.061)	0.51	0.60
CHICAGO-LOS ANGELES	33,823	44,244	(10,421)	34,838	(1,015)	273,768	1,638	167	(0.004)	0.76	0.97
CHICAGO-NEW ORLEANS	12,420	20,112	(7,692)	15,471	(3,051)	116,088	675	172	(0.026)	0.62	0.80
CHICAGO-SAN ANTONIO-(LA)	9,824	17,253	(7,429)	13,802	(3,978)	113,052	319	354	(0.035)	0.57	0.71
NEW ORLEANS-SAS-LOS ANGELES	8,423	18,738	(10,315)	15,486	(7,063)	87,030	636	137	(0.081)	0.45	0.54
LOS ANGELES-SEATTLE	35,377	40,427	(5,050)	33,411	1,966	345,507	1,014	341	0.006	0.88	1.06
CHICAGO-NYC/BOSTON	22,119	28,998	(6,879)	22,306	(187)	168,161	846	199	(0.001)	0.76	0.99
BOSTON-NEWPORT NEWS	5,203	6,321	(1,118)	5,312	(109)	45,496	216	211	(0.002)	0.82	0.98
NEW YORK-SAVANNAH	6,953	11,443	(4,490)	9,228	(2,275)	74,683	440	170	(0.030)	0.61	0.75
NEW YORK-NEW ORLEANS	22,221	35,843	(13,622)	27,361	(5,140)	195,043	1,006	194	(0.026)	0.62	0.81
(KCY)-STL-CEB-(NOL)	785	1,491	(784)	1,212	(507)	7,324	47	156	(0.069)	0.47	0.58
AUTO TRAIN	38,000	33,396	4,604	25,300	12,700	177,192	629	282	0.072	1.14	1.50
TOTAL LONG DISTANCE	380,072	0	0	0	0	3,318,162	16,459	202	(0.018)	0.69	0.87
ROUTE TOTAL	736,473	0	0	0	0	5,294,312	30,117	176	0.006	0.84	1.05
OTHER	323,527										
SYSTEM TOTAL	1,060,000										

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS REPORT.
(A) BROADWAY LIMITED & CAPITOL LIMITED
(B) CARDINAL

NOTES ACCOMPANYING FY88 ROUTE BY ROUTE

GENERAL NOTES:

* INDIVIDUAL ROUTE TOTALS ARE NOT ADDITIVE FOR SHORT-TERM/LONG-TERM AVOIDABLE COST, PROFIT AND LOSS.

ROUTE GROUPS:

NORTHEAST CORRIDOR:
NONE

SHORT DISTANCE:
NONE

403(B):
ALL 403(B) FIGURES INCLUDE STATE PAYMENTS.

INCLUDES ONE ADDITIONAL SAN DIEGAN ROUND TRIP
INCLUDES THE EXTENSION OF ONE SAN DIEGAN FREQUENCY TO SANTA BARBARA

403(D):
NONE

LONG DISTANCE:
ASSUMES DAILY OPERATION OF THE PIONEER

PERFORMANCE CRITERIA:

SHORT DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.152)

LONG DISTANCE:

SHORT-TERM AVOIDABLE (LOSS)/PM: (.117)

THE FOLLOWING ROUTES FAIL THE PERFORMANCE CRITERIA:
NONE

SENATOR LAUTENBERG: On-time performance dropped this past year. What is projected for fiscal years 1987 and 1988?

ANSWER: Our goal for FY87 is to operate at 82.0 percent on-time. Goals are set during the fiscal year business plan process, and one is not yet available for FY88.

SENATOR LAUTENBERG: Provide the Amtrak appropriation history from fiscal year 1971 through 1987 by area (i.e. operating, capital, loan pay-off, loan forgiveness, corridor purchase, labor protection).

ANSWER: The appropriation history schedule follows:

AMTRAK APPROPRIATIONS HISTORY
($ MILLIONS)

FY	BLOCK GRANT	OPERATING	CAPITAL	LOAN PAYOFF	NEC PURCHASE	LABOR PROT.
71/72		40.0				
73		170.0				
74		146.6	2.5			
75		276.5				
76		357.0	114.2			
TQ[3]		105.0	25.0			
77		482.6	93.1		25.0	
78		536.0	130.0	25.0	25.0	
79		600.0	130.0	25.0	24.0	
80		650.4	191.0		12.0	20.0
81		720.2	187.1			-11.0
82	735.0					
83	670.0		25.0[1]			
84	716.4					
85	680.0		4.0[2]			
86	590.7					
87	602.0					
88 Request	630.3					
TOTAL	4624.4	4084.3	901.9	50.0	86.0	9.0

[1] Excludes $5 million for the Cape Cod project turned over to the State of Mass.

[2] Reserved for Bush River Bridge

[3] Transition Quarter from July 1976-September 1976 when Federal Government changed fiscal year to current October to September time frame.

SENATOR LAUTENBERG: Provide the revenue breakdown for fiscal year 1985 and 1986, estimated for 1987 and 1988 by category (i.e. passenger related, real estate commuter miscellaneous etc.).

ANSWER: The information follows:

	$ Millions			
	1985 ACTUAL	1986 ACTUAL	1987 BUDGET	1988 ESTIMATE
Passenger related	587.8	624.9	642.5	694.7
MBTA Revenue	n/a	n/a	51.7	71.4
Commuter Operating Pymts.	55.7	63.4	61.4	63.5
State Payments	15.2	11.2	11.2	11.7
Mail Baggage & Express	25.5	26.9	32.7	33.3
Real Estate	20.6	25.5	24.0	26.4
Freight	21.5	19.4	36.0	37.5
Interest	24.8	22.8	18.1	17.1
Revenue Enhancement	16.1	17.2	30.4	36.8
Miscellaneous	58.6	50.1	79.4	67.6
Total	825.8	861.4	987.4	1060.0

SENATOR LAUTENBERG: Provide a cost and project breakdown for the Fiscal Year 1986 Capital Budget, projected for FY87, and estimated for 1988.

ANSWER: The following table summarizes Amtrak's FY86 and projected FY87 and FY88 capital budgets.

	($ Millions)*		
	FY86	FY87	FY88
Rolling Stock	$18	$11	$14
Maintenance Facilities	7	2	3
Stations/On-Board Services	8	5	15
Right-Of-Way	20	36	35
Information & Communication Systems	7	5	8
Other	7	23	9
Total	$67	$82	$84

*Note: Excludes $19.8 million of FY82 grant restricted for the West Side Connection, and $4.0 million of FY85 grant restricted for the Bush River Bridge. Also excludes costs related to settling the Superliner dispute with Pullman-Standard as follows:

FY86	$15 million
FY87	$ 3 million
FY88	$ 3 million

SENATOR LAUTENBERG: Update your estimate of Train and Engine Crew Labor Takeover Agreements (page 46 of Senate Hearing 99-721 Part 2).

ANSWER: The updated information follows:

Phase III		
November 1986	ATSF	243 Employees
	(Los Angeles to Needles)	
	(Los Angeles to San Diego)	
	Union Pacific	
	(Los Angeles to Las Vegas)	
	Southern Pacific	
	(Oakland to Sparks)	
	(Los Angeles to Klamath Falls)	
	(Oakland to Bakersfield)	
Phase IV		
February 1987	Milwaukee	49 Employees
	(Chicago to Minneapolis)	
	Burlington Northern	
	(Minneapolis to Minot)	
March 1987	ICG	143 Employees
	(Chicago to Jackson)	
	Burlington Northern	
	(Chicago to Lincoln)	
	Missouri Pacific	
	(Kansas City to St. Louis)	
Phase V		
April 1987	Southern Pacific	113 Employees
	(Portland to Klamath Falls)	
	Union Pacific	
	(Portland to Nampa)	
	Burlington Northern	
	(Portland to Seattle)	
	(Seattle to Minot)	
May 1987	ICG	77 Employees
	(Jackson to New Orleans)	
	Southern Pacific	
	(Houston to New Orleans)	
	NS	
	(Atlanta to New Orleans)	
Phase VI		
July 1987	Union Pacific	202 Employees
	(Nampa to Salt Lake City)	
	(Salt Lake City to Las Vegas)	
	(Elko to Salt Lake City)	
	Southern Pacific	
	(Sparks to Winnemucca)	
	DGRW	
	(Salt Lake City to Denver)	
	ATSF	
	(Needles to La Junta)	

SENATOR LAUTENBERG: Update your list of Northeast Corridor projects that are authorized out of the 2.5 billion authorization (Page 53 of Senate Hearing 99-721, Part 2).

ANSWER: See attached Chart.

Proposed Additional Improvements - NECIP Program
Including Safety-Related Items
(310 List)

Title	Description	FY88	FY89	FY90	FY91	FY92	Total
1. Passenger Car Modifications a) Baggage Rack Restraints	This program will provide the materials and installation of restraints to prevent baggage and other stored items on passenger car coaches from falling and causing injuries.	3.0					3.0
b) Seat Modifications	This program provides material and installation of seat locks and back guards on passenger cars to prevent the rotation of seats and cover metal edges.	2.0					2.0
2. Locomotive Modifications	This program provides the equipment and installation for devices to record events occurring on the locomotive, engineman alerting systems and testing devices for on-board locomotive operating components prior to dispatching to ensure proper locomotive operations and controls.	1.0					1.0
3. CETC	This project will fund the design, the purchase of material for field equipment and the field preparation for the extension of CETC from Wilmington to Philadelphia.	6.6	---	---	---	---	6.6
4. CETC	This project will fund the design, the purchase of material for field equipment and the field preparation for the extension of CETC from Philadelphia to New York	---	7.0	7.0	7.0	7.0	28.0

5. Centrifugal Relays and phase selective circuits	This is a multi-year project to replace anticipated, obsolete centrifugal relays which cannot be purchased anymore with modern phase selective circuits on Amtrak's Northeast Corridor.	8.0	8.0	8.0	7.8	---	31.8
6. Track Circuits (Boston)	This is a multi-phase program to replace antiquated direct current type track circuits with modern electronic track circuits on Boston Division.	1.0	1.0	1.0	1.0	1.0	5.0
7. Concrete Ties	This proposal calls for the purchase and installation of concrete ties at selected locations on Amtrak's high-speed mainline between Washington and New York. These improvements to the track structure will improve the ride quality of the Northeast Corridor.	12.2	12.2	---	---	---	24.4
8. New York Tunnels	This proposal will provide for the installation of evacuation and fire protection facilities in the N.Y. Tunnels. Facilities will include water lines and lighting which will provide for the safe evacuation of passengers in the event of an emergency. The improvements are mandated by the New York City Fire Department.	13.9	3.1	3.1	3.0	---	23.1
9. Relay Cases	This project is for the purchase and installation of steel relay cases on the New York Division. These new steel relay cases will replace wooden cases which house vital relays, circuiting and equipment that control signals, switches and trck circuit equipment.	0.5	---	---	---	---	0.5

10.	Signal Cables (New York)	This project will continue to replace deteriorated and non-usable signal cable on the New York Division. These cables which provide control and indication for switches, signals, tract circuits and hazard detectors no longer meet the minimum standards of Amtrak or the Federal Railroad Administration.	0.5	0.5	0.5	---	---	1.5
11.	Track Circuits (Harrisburg)	This is a multi-phase program to replace antiquated direct current type track circuits with modern electronic track circuits on Amtrak's Harrisburg Line.	3.0	2.2	---	---	---	5.2
12.	PL-1 Replacement	This project will replace all PL-1 signal lamps at 2 interlockings on the New York Division with PL-3 signal lamps. PL-1 Lamps have been obsolete for the past 25 years. Lamps are rusted out and falling down against the background, making the aspect impossible to read.	0.2	0.2	---	---	---	0.4
13.	3300 Volt Signal Line	This is a continuing project to replace 17.78 miles of deteriorated signal power cable between Zoo and Paoli substations on Amtrak's Harrisburg Line.	0.6	0.6	0.6	---	---	1.8
14.	Signal Cable	This project wil continue to replace deteriorated and non-usable signal cable on Amtrak's Harrisburg Line. These cables which provide control and indication of switches, signals, track circuits and hazard detectors no longer meet the minimum standards of Amtrak or the Federal Railroad Administration.	0.5	0.5	---	---	---	1.0

15. Circuit Breakers	This project will fund the installation of new trolley circuit breakers and associated protective relaying equipment.	0.4	0.4	0.4	---	---	1.2
16. Sub Station Control Cable	This project will fund the installation of new control cables at various substations on the Philadelphia and New York Divisions	0.2	0.2	0.2	0.2	0.2	1.0
17. 138 KV Switches	This project will replace 138 KV air break disconnect switches. This is a multi-year program to replace 12 air break switches in substations located on the Northeast Corridor.	0.1	0.1	0.1	---	---	0.3
18. Transmission Line Ground Wire	This project will replace transmission line ground wire in areas of non-NECIP work. This rehabilitation will bring the remainder of the Corridor in line with the level of rehab from Washington to Wilmington.	0.3	0.3	0.3	---	---	0.9
19. Supervisory Control (New York)	This project is for funds to procure and install supervisory control systems to remotely monitor and control substation equipment.	0.2	0.2	0.2			0.6
20. CWR	Renew 109.5 Track miles of existing fit CWR with new CWR on concrete tie track between Washington and New York. Replace work-out Continuous Welded Rail (CWR) not included in the present NECIP Program to improve ride quality and track reliability.	---	23.3	7.7	7.7	---	38.7
21. New York Service Facility	New York Service Facility with enclosed car washer and track renewals - to provide a centralized facility for the reliable maintenance of Amtrak rolling stock. This item was deleted from the original NECIP Program.	--	6.9	6.8	6.8	6.8	27.3

22. Bridge Rehabilitation	Bridge Rehabilitation, South of New York (including Hi-Line) - Rehabilitate bridge structures that have deteriorated due to deferred maintenance which were deleted from original NECIP Program.	---	40.7	9.1	9.0	9.0	67.8
23. Catenary Renewal	Additional catenary renewal and power supply upgrading Washington to New York - to upgrade the existing electric traction facilities for more reliable high speed service by rehabilitating 20 transformers, renewing wire between Penn Station, NY and Newark, NJ and painting twenty (20) miles of catenary pole structure.	---	2.6	2.6	2.5	---	7.7
24. E.T. Rehabilitation	E.T. Rehabilitation - To replace insulators and transmission line in areas of non-NECIP Program work. To bring the Washington to Wilmington level of rehabilitation in line with the remainder of the Corridor.	--	0.8	0.7	0.7	---	2.2
25. Ditching	Restore 20 Track miles ditch drainage in concrete tie locations between Washington and New York - Improve drainage in areas not included in present Section Improvement work to improve track stability.	---	---	1.6	1.5	---	3.1
26 Track Rehabilitation	Track Rehabilitation. Rehabilitate interlocking at Philadelphia, PA and Newark, NJ that were deleted from the original NECIP Program.	---	6.7	1.5	1.5	1.5	11.2

27. Track Improvements	Track Improvements. Renewal of deteriorated light weight turnouts and track structure at New York Penn Station interlockings with heavier more reliable materials, also improve ride quality through interlockings on the Northeast Corridor by improving the geometry with high speed surfacing and lining operations.	---	2.5	2.5	2.5	2.4	9.9
28. M/W Bases	Construct M/W Bases at Philadelphia, New York and New Haven - To establish centralized headquarters for all M/W personnel at these locations to replace scattered, inadequate present facilities. These bases were deleted from the original scope of the NECIP Program.	---	9.2	3.1	3.0	---	15.3
29. 30th Street Office Building	Rehabilitation of structural, electrical, and mechanical systems at 30th Street Station Office Building - To upgrade the antiquated operating facilities in the 30th Street Station office building. The present electrical, mechanical and structural facilities do not have the capacity of supporting present day office machines, computers and heating and cooling requirements.	---	10.2	3.4	3.4	---	17.0
30. 30th St. Station	30th Street Station - Station passenger facility improvements are required at the station complex to overcome for many years the lack of upgrading and repair/renewal of fixed facility items including; structural, mechanical, electrical, and civil components.	---	2.4	2.3	2.3	---	7.0
	TOTAL	54.2	141.8	62.7	59.9	27.9	346.5

NOTE

The items of work for FY87 wre approved; however, Amtrak has not received the funding to this date. This program includes:

1. Warren Street Bridge $3.6M

   Rehabilitation of bridge over Warren Street in Trenton, NY, consist of replacement of the bridge superstructure as well as repairs to the substructure at street level to provide for safer pedestrian walkways while upgrading the bridge to higher standards. This bridge was deleted from original NECIP Program.

2. New York Tunnel Electrical & Mechanical $4.8M

   Rehabilitation of the New York Tunnels located between Weehauken, NJ and Long Island, NY consisting of major renovations of the mechanical and electrical systems (drainage, and pump systems) to provide a safer and more efficient environment for train service.

3. Install concrete ties, CWR, and undercutting between Washington and New York - Replace wood tie track with concrete tie track in areas not covered by the present NECIP Program on the designated high speed tracks. $3.1M

4. Boston South Station $5.5M

   Funds required to progress construction of South Station under the direction of the FRA, by MBTA and their contract organizations.

SENATOR LAUTENBERG: How much of a reduction in operating costs would the $87 million of capital investments produce? This is, does the total capital program for FY88 generate operating efficiencies? When?

ANSWER: Because $87 million represents Amtrak's minimum FY88 capital requirements, the bulk of the funds will be used for projects that preserve, rather than enhance, Amtrak's current level of operating efficiency. These projects, totalling about $50 million, will produce an average rate of return of about 20% by avoiding revenue losses and cost increases that would otherwise take place. The balance of the FY88 capital plan will increase Amtrak's revenue-generating capacity and improve its cost effectiveness for an average rate of return of about 30%. The resulting operating savings will increase from approximately $4 million in FY88 to $12 million per year by FY90.

SENATOR LAUTENBERG: In addition to that requested for F. Y. 1988, provide a list of safety-related improvements planned for the corridor but not currently authorized. Brief description, estimated costs by year with priority ranking.

ANSWER: See attached Chart.

Title	Description	FY88	FY89	FY90	FY91	FY92	Total
o CETC	This project will fund the design, the purchase of material for field equipment and the field preparation for the extension of CETC from Wilmington to Philadelphia.	6.6	—	—	—	—	6.6
o CETC	This project will fund the design, the purchase of material for field equipment and the field preparation for the extension of CETC from Philadelphia to New York.	—	7.0	7.0	7.0	7.0	28.0
o Centrifugal Relays and phase selective circuits	This is a multi-year project to replace anticipated, obsolete centrifugal relays which cannot be purchased anymore with modern phase selective circuits on Amtrak's Northeast Corridor.	8.0	8.0	8.0	7.8	—	31.8
o Track Circuits (Boston)	This is a multi-phase program to replace antiquated direct current type track circuits with modern electronic track circuits on the Boston Division.	1.0	1.0	1.0	1.0	1.0	5.0
o Concrete Ties	This proposal calls for the purchase and installation of concrete ties at selected locations on Amtrak's high-speed mainline between Washington and New York. These improvements to the track structure will improve the ride quality of the Northeast Corridor.	12.2	12.2	—	—	—	24.4

o New York Tunnels	This proposal will provide for the installation of evacuation and fire protection facilities in the N.Y. Tunnels. Facilities will include water lines and lighting which will provide for the safe evacuation of passengers in the event of an emergency. The improvements are mandated by the New York City Fire Department.	13.9	3.1	3.1	3.0	___	23.1
o Relay Cases (New York)	This project is for the purchase and installation of steel relay cases on the New York Division. These new steel relay cases will replace wooden cases which house vital relays, circuiting and equipment that control signals, switches and track circuit equipment.	0.5	___	___	___	___	0.5
o Signal Cables (New York)	This project will continue to replace deteriorated and non-usable signal cable on the New York Division. These cables which provide control and indication for switches, signals, track circuits and hazard detectors no longer meet the minimum standards of Amtrak or the Federal Railroad Administration.	0.5	0.5	0.5	___	___	1/5
o Track Circuits (Harrisburg)	This is a multi-phase program to replace antiquated direct current type track circuits with modern electronic track circuits on Amtrak's Harrisburg Line.	3.0	2.2	___	___	___	5.2

o PL-1Replacement (New York)	This project will replace all PL-1 signal lamps at 2 interlockings on the New York Division with PL-3 signal lamps. PL-1 lamps have been obsolete for the past 25 years. Lamps are rusted out and falling down against the background, making the aspect impossible to read.	0.2	0.2	—	—	—	0.4
o 3300 Volt Signal Line	This is a continuing project to replace 17.78 miles of deteriorated signal power cable between Zoo and Paoli substations on Amtrak's Harrisburg Line.	0.6	0.6	0.6	—	—	1.8
o Signal Cable (Harrisburg)	This project will continue to replace deteriorated and non-usable signal cable on Amtrak's Harrisburg Line. These cables which provide control and indication of switches, signals, track circuits and hazard detectors no longer meet the minimum standards of Amtrak or the Federal Railroad Administration.	0.5	0.5	—	—	—	1.0
o Circuit Breakers	This project will fund the installation of new trolley circuit breakers and associated protective relaying equipment.	0.4	0.4	0.4	—	—	1.2
o Sub Station Control Cable	This project will fund the installation of new control cables at various substations on the Philadelphia and New York Divisions.	0.2	0.2	0.2	0.2	0.2	1.0
o 138 KV Switches	This project will replace 138 KV air break disconnect switches. This is a multi-year program to replace 12 air break switches in substations located on the Northeast Corridor.	0.1	0.1	0.1	—	—	0.3

o Transmission Line Ground Wire	This project will replace transmission line ground wire in areas of non-NECIP work. This rehabilitation will bring the remainder of the Corridor in line with the level of rehab from Washington to Wilmington.	0.3	0.3	0.3	—	—	0.9
o Supervisory Control (New York)	This project is for funds to procure and install supervisory control systems to remotely monitor and control substation equipment.	0.2	0.2	0.2			0.6
	TOTALS	54.2	36.5	21.4	19.0	8.2	139.3

SENATOR LAUTENBERG: Amtrak presently owns or partially owns 81 stations, (page 8) please list the stations, locations and percent of ownership.

ANSWER: The list of stations is attached.

LIST OF AMTRAK WHOLLY OR PARTIALY OWNED STATIONS

CITY/ STATION	STATE	AMTRAK OWNERSHIP %	OWNERSHIP PARTIES
ABERDEEN	MD	100	
ALBANY-RENSSELAER	NY	100	
ALBION	MI	100	
AMSTERDAM	NY	100	
ANN ARBOR	MI	100	
ARDMORE	PA	100	
BAKER	OR	*100	AM/UP
BALTIMORE	MD	100	
BERLIN	CT	100	
BRYN MAWR	PA	100	
BUFFALO-DEPEW ST.	NY	100	
BUFFALO-EXCHANGE ST.	NY	100	
BUZZARDS BAY	MA	100	
CANTON	OH	100	
CATLETTSBURG	KY	100	
CHICAGO	IL	100	
CINCINNATI	OH	100	
CLEVELAND	OH	*100	AM/CITY
COATESVILLE	PA	100	
CRESTLINE	OH	100	
DEARBORN	MI	100	
DOWNINGTOWN	PA	100	
EAST GREENWICH	RI	100	
ELIZABETHTOWN	PA	100	
ENFIELD	CT	100	
FULTON	KY	*100	AM/ICG
GREENSBURG	PA	100	
HAMMOND-WHITING	IN	100	
HARRISBURG	PA	100	
HINKLE	OR	*100	AM/UP
HOLLAND	MI		AM/CSX/ST
HOOD RIVER	OR	*100	AM/UP
HUDSON	NY	100	
HUNTINGDON	PA	100	
JACKSON	MI	100	
JACKSONVILLE	FL	100	
KINGSTON	RI	100	
LANCASTER			
LEWISTOWN	PA	*100	AM/PRIVATE
LIMA	OH	100	
LORTON	VA	100	
MALVERN	PA	*100	AM/CITY
MIAMI	FL	100	
MICHIGAN CITY	IN	100	
MIDDLETOWN	PA	100	
MYSTIC	CT	100	

NEW CARROLLTON	MD	100	
NEW ORLEANS	LA	*100	AM/CITY
NEW YORK-PENN	NY	100	
NEWARK	DE	100	
NILES	MI	100	
NORTH HAVEN	CT	100	
OLD SAYBROOK	CT	100	
OMAHA	NE	*100	AM/BN
ONTARIO	OR	*100	AM/SP
OVERBROOK	PA	100	
PAOLI	PA	100	
PARKESBURG	PA	100	
PHILADELPHIA-30TH ST.	PA	100	
PHILADELPHIA-NORTH	PA	100	
PROVIDENCE	RI	100	
RHINECLIFF	NY	100	
RICHMOND	VA	100	
ROCHESTER	NY	100	
ROME	NY	100	
SANDUSKY	OH	100	
SANFORD-AUTO TRAIN	FL	100	
SCHENECTADY	NY	100	
SPRINGFIELD	MA	100	
ST. LOUIS	MO	100	
ST. PAUL	MN	100	
SYRACUSE	NY	100	
TAMPA	FL	100	
THE DALLES	OR	*100	AM/UP
WASHINGTON-UNION STATION	DC	100	
WAYNE	PA	100	
WENATCHEE	WA	100	
WESTERLY	RI	100	
WILMINGTON	DE	100	
WINDSOR LOCKS	CT	100	
WORCESTER	MA	100	

* - In these locations Amtrak owns the structure and the other party owns the land.

SENATOR LAUTENBERG: Provide the personnel levels (by expense category) for Fiscal Year 1985, 1986, 1987 and requested for 1988. (Page 63 and 64 of Senate Hearing 99-721, part 2).

ANSWER: The breakdown is as follows:

AMTRAK EMPLOYMENT

	FY85	FY86	EST. FY87	EST. FY88
TRAIN OPERATIONS	5,776	5,482	5,715	5,930
MAINTENANCE OF EQUIPMENT	6,245	5,975	6,235	6,302
MAINTENANCE OF WAY	2,964	2,753	2,856	2,818
ON BOARD SERVICES	2,554	2,532	2,474	2,531
STATIONS	2,016	1,994	2,147	2,147
MARKETING/RES.	1,289	1,286	1,267	1,183
GENERAL SUPPORT	1,619	1,597	1,690	1,628
INSURANCE/INT.	5	5	5	5
GENERAL & ADMIN.	452	456	499	480
TOTAL	22,920	22,080	22,888	23,024
AMTRAK	18,630	18,430	20,088	20,664
RAILROAD	4,290	3,650	2,800	2,360
	22,920	22,080	22,888	23,024

SENATOR LAUTENBERG: Provide a breakdown of the estimated 1987 and 1988 Revenue Enhancement activities.

ANSWER: Listed below, by major categories, are the FY87 and FY88 projected revenues (in millions of dollars) for the Revenue Enhancement activities.

	FY87	FY88
Communications	5.6	5.3
Cogeneration	2.4	3.9
Car Assembly & Overhaul	9.1	12.2
Fiber Optics	7.1	1.1
Track Renewal/Rail Welding	4.8	11.2
Equipment Leasing/Other	1.5	3.1
Subtotal	30.5	36.8
Safe Harbor Lease Proceeds	27.4	16.6
TOTAL	57.9	53.4

SENATOR LAUTENBERG: Provide a breakdown of the estimated miscellaneous revenue for 1988.

ANSWER: The breakdown of miscellaneous revenue follows:

	$ MILLIONS
Safe Harbor	16.6
Maintenance of Equipment Contract Revenue	2.1
Maintenance of Way Contract Revenue	24.8
Transportation Contract Revenue	10.1
Other Revenues	14.0
Total miscellaneous revenue	67.6

SENATOR LAUTENBERG: Provide the committee a fiscal year 1988 Grant Request with the allocation for inflation distributed to each of the operating expense accounts.

ANSWER: The information is attached.

NATIONAL RAILROAD PASSENGER CORPORATION
OPERATING EXPENSE COMPARISON
($ MILLIONS)

Operating Expenses	FY 1987 Budget	Uninflated FY 1988 Grant Request	Inflated FY 1988 Grant Request
Train Operations	378.7	379.0	392.6
Maintenance of Equipment	362.0	374.8	388.3
Maintenance of Way	174.3	168.6	174.7
On-Board Services	137.6	142.4	147.5
Station Services	108.7	108.3	112.2
Marketing and Reservations	136.6	136.1	141.0
General Support	117.3	113.9	118.0
Insurance & Interest	78.5	85.9	89.0
Depreciation	167.3	171.0	171.0
General and Administrative	32.9	32.3	33.5
Total Operating Expense	1693.9	1712.3	1767.8
Provision for Inflation Increase (3.6% per President's Budget)	--	55.5	--
Total Expense	1693.9	1767.8	1767.8
Less: Expenses Not Requiring Appropriations	169.3	172.3	172.3
Funded Expense	1524.6	1595.5	1595.5
Total Revenue	987.4	1060.0	1060.0
Less: Restricted Revenue	44.8	36.0	36.0
Revenue Available for Operations	942.6	1024.0	1024.0
Operating Grant Requirement	582.0	571.5	571.5

DMZ 3/17/87

SENATOR LAUTENBERG: Provide the inflation rate assumptions used for Amtrak wages, non-Amtrak contract wages, fuel and power, materials, food and other on-board supplies, etc..

ANSWER: The inflation information requested is as follows:

	FY 88	
	Inflation Percent	Inflation Impact ($ Millions)
Labor/Benefits	4.5	42.3
Fuel and power	8.8	8.5
Materials	3.3	3.4
Food/On board Supplies	3.0	1.1
Other	4.0	0.2
Non-Inflated	0.0	0.0
Total	3.6	55.5
Electricity	5.6	2.7
Diesel fuel	12.0	4.9
Gasoline/mixed fuel	12.0	0.9
Total	8.8	8.5

SENATOR LAUTENBERG: In the aggregate (by state) how much has state, local or private parties invested in Amtrak station improvements?

ANSWER: During the past 10 years Amtrak has received capital contributions of approximately $218 million for station improvements, right-of-way rehabilitation and equipment purchase from various states. The breakdown of state investment follows:

	$ Millions
California	$ 45.0
Connecticut	13.0
Florida	2.5
Illinois	4.5
Michigan	16.5
New York	120.0
Pennsylvania	16.0

SENATOR LAUTENBERG: List station improvements with amount contributed by Amtrak and amount contributed by "other" during 1986, best estimate for 1987 and planned for 1988.

ANSWER: The information requested follows:

STATION/1986	AMTRAK FUNDING	OTHER	TOTAL
ALBANY, OR.	$ 7,900	$ 0	$ 7,900
ALBANY, NY.	$ 225,000	$ 225,000	$ 450,000
ALBUQUERQUE, NM.	$ 12,000	$ 0	$ 12,000
ALEXANDRIA, VA.	$ 10,053	$ 0	$ 10,053
ALTON, IL.	$ 13,500	$ 13,500	$ 27,000
ATLANTA, GA.	$ 17,600	$ 0	$ 17,600
BARSTOW, CA.	$ 2,500	$ 2,500	$ 5,000
BLOOMINGTON, IL.	$ 6,000	$ 6,000	$ 12,000
CAMDEN, SC.	$ 1,621	$ 0	$ 1,621
CHAMPAIGN, IL.	$ 13,000	$ 24,000	$ 37,000
CHARLESTON, SC.	$ 36,850	$ 0	$ 36,850
CHARLOTTE, NC.	$ 10,884	$ 0	$ 10,884
CHICAGO, IL.	$ 7,735	$ 0	$ 7,735
CLEARWATER, FL.	$ 6,241	$ 0	$ 6,241
CLIFTON FORGE, VA.	$ 4,500	$ 0	$ 4,500
CULPEPPER, VA.	$ 5,495	$ 0	$ 5,495
CUMBERLAND, MD.	$ 500	$ 0	$ 500
CUT BANK, MT.	$ 1,620	$ 0	$ 1,620
DEERFIELD BEACH, FL.	$ 9,630	$ 0	$ 9,630
DILLON, SC.	$ 200	$ 0	$ 200
EFFINGHAM, IL.	$ 8,625	$ 8,625	$ 17,250
FARGO, ND.	$ 99,770	$ 0	$ 99,770
FREDERICKSBURG, VA.	$ 1,515	$ 0	$ 1,515
FRESNO, CA.	$ 4,000	$ 0	$ 4,000
GALESBURG, IL.	$ 10,729	$ 10,729	$ 21,458
GASTONIA, NC.	$ 5,118	$ 0	$ 5,118
GILMAN, IL.	$ 0	$ 82,165	$ 82,165
GLENWOOD SPRINGS, CO.	$ 1,000	$ 0	$ 1,000
HAMLET, NC.	$ 9,000	$ 9,000	$ 18,000
HAMMOND, LA.	$ 16,500	$ 0	$ 16,500
HARPERS FERRY, WV.	$ 700	$ 0	$ 700
HATTIESBURG, MS.	$ 631	$ 812	$ 1,443
HAVRE,MT.	$ 1,145	$ 0	$ 1,145
HIGHPOINT, NC.	$ 6,100	$ 0	$ 6,100
HOLLAND, MI.	$ 11,477	$ 0	$ 11,477
HOMEWOOD, IL.	$ 14,000	$ 14,000	$ 28,000
HOUSTON, TX.	$ 2,163	$ 0	$ 2,163
INDEPENDENCE, MO.	$ 2,805	$ 0	$ 2,805
JOHNSTOWN, PA.	$ 99,750	$ 0	$ 99,750
KANKAKEE, IL.	$ 5,550	$ 0	$ 5,550
KEWANEE, IL.	$ 16,300	$ 24,700	$ 41,000
KINGSTREE, SC.	$ 25,386	$ 0	$ 25,386
KISSIMMEE, FL.	$ 2,840	$ 0	$ 2,840
KLAMATH FALLS, OR.	$ 2,975	$ 0	$ 2,975
LA JUNTA, CO.	$ 1,500	$ 0	$ 1,500
LAKELAND, FL.	$ 350	$ 0	$ 350
LAWRENCE, KS.	$ 5,670	$ 0	$ 5,670
LINCOLN, IL.	$ 9,000	$ 9,000	$ 18,000
LINCOLN, NE.	$ 20,000	$ 41,000	$ 61,000
LOS ANGELES, C.	$ 2,500	$ 180,500	$ 183,000
MARTINEZ, CA.	$ 5,827	$ 0	$ 5,827
MARTINSBURG, WV.	$ 4,500	$ 0	$ 4,500
MATTOON, IL.	$ 8,400	$ 8,400	$ 16,800
MENDOTA, IL.	$ 4,500	$ 4,500	$ 9,000
MILWAUKEE, WI.	$ 2,477	$ 6,123	$ 8,600
MINOT, ND.	$ 3,859	$ 0	$ 3,859
MONROE, VA.	$ 1,370	$ 0	$ 1,370
OAKLAND, CA.	$ 3,818	$ 2,500	$ 6,318
OCALA, FL.	$ 8,979	$ 0	$ 8,979

ONTARIO, OR.	$ 500	$ 0	$ 500
PALATKA, FL.	$ 5,802	$ 0	$ 5,802
PASADENA, CA.	$ 11,000	$ 0	$ 11,000
PETERSBURG, VA.	$ 1,565	$ 0	$ 1,565
PLANO, IL.	$ 3,500	$ 3,500	$ 7,000
PRINCETON, IL.	$ 10,000	$ 10,000	$ 20,000
PROVO, UT.	$ 5,000	$ 0	$ 5,000
QUINCY, IL.	$ 45,500	$ 62,000	$ 107,500
RALEIGH, NC.	$ 0	$ 468,000	$ 468,000
RANTOUL, IL.	$ 14,000	$ 34,000	$ 48,000
REDDING, CA.	$ 3,549	$ 0	$ 3,549
RENO, NV.	$ 6,755	$ 0	$ 6,755
ROCKY MT. NC.	$ 1,600	$ 0	$ 1,600
SALEM, OR.	$ 9,045	$ 0	$ 9,045
SALINAS, CA.	$ 1,411	$ 0	$ 1,411
SALISBURY, NC.	$ 1,268	$ 0	$ 1,268
SALT LAKE CITY, UT.	$ 1,866,000	$ 0	$ 1,866,000
SAN DIEGO, CA.	$ 2,500	$ 2,500	$ 5,000
SAVANNAH, GA.	$ 3,678	$ 0	$ 3,678
SEATTLE, WA.	$ 20,592	$ 0	$ 20,592
SEBRING, FL.	$ 7,391	$ 0	$ 7,391
SHELBY, MT.	$ 2,915	$ 0	$ 2,915
SOUTHERN PINES, NC.	$ 23,030	$ 0	$ 23,030
SPARTANBURG, SC.	$ 7,305	$ 0	$ 7,305
SPOKANE, WA.	$ 12,790	$ 0	$ 12,790
ST. PETERSBURG, FL.	$ 1,400	$ 0	$ 1,400
SYRACUSE, NY.	$ 607,000	$ 0	$ 607,000
TUCSON, AZ.	$ 3,875	$ 0	$ 3,875
UTICA, NY.	$ 36,700	$ 0	$ 36,700
VANCOUVER, WA.	$ 3,000	$ 0	$ 3,000
WALDO, FL.	$ 5,378	$ 0	$ 5,378
WEST WUINCY, MO.	$ 6,500	$ 6,500	$ 13,000
WINTER PARK, FL.	$ 3,975	$ 0	$ 3,975
YEMASSEE, SC.	$ 500	$ 0	$ 500
TOTAL	$ 3,558,682	$ 1,259,554	$ 4,818,236

Amtrak has identified the following stations that are in need of renovation and we will do what we can within the present budget constraints, to assist state and local authorities in those renovations.

STATION/1987	AMTRAK FUNDING	OTHER	TOTAL
DENAIR, CA.	$	$ 50,000	$ 50,000
LINCOLN, IL.	$ 2,000	$ 32,000	$ 34,000
LITTLE ROCK, AR.	$ 200,000	$ 0	$ 200,000
LORTON, VA.	$ 180,000	$ 0	$ 180,000
MACOMB, IL.	$ 9,000	$ 78,745	$ 87,745
MARTINEZ, CA.	$ 0	$ 160,000	$ 160,000
MATTOON, IL.	$ 12,000	$ 15,000	$ 27,000
NILES, MI.	$ 232,500	$ 232,500	$ 465,000
PHILADELPHIA-30TH ST. PA.	$ 2,000,000	$ 0	$ 2,000,000
RHINECLIFF, NY.	$ 337,300	$ 337,300	$ 674,600
RIVERSIDE, CA.	$ 31,500	$ 31,500	$ 63,000
SAN LUIS OBISPO, CA.	$ 0	$ 2,000,000	$ 2,000,000
SAN MARCOS, TX.	$ 28,000	$ 0	$ 28,000
SANFORD, FL.	$ 145,000	$ 0	$ 145,000
SIMI VALLEY, CA.	$ 0	$ 200,000	$ 200,000

ST. LOUIS, MO.	$ 0	$ 750,000	$ 750,000
TEMPE, AZ.	$ 0	$ 60,000	$ 60,000
UTICA, NY.	$ 100,000	$ 380,000	$ 480,000
VICTORVILLE, CA.	$ 0	$ 75,000	$ 75,000
WASCO, CA.	$ 0	$ 62,000	$ 62,000
TOTAL	$ 3,277,300	$ 4,464,045	$ 7,741,345

STATION/1988	AMTRAK FUNDING	OTHER	TOTAL
ATLANTA, GA.	$ 250,000	$ 0	$ 250,000
CHARLESTON, WV.	$ 0	$ 350,000	$ 350,000
CHARLOTTESVILLE, VA.	$ 350,000	$ 0	$ 350,000
CHICAGO, IL.	DEVELOPMENT PROJECT		
DELAND, FL.	$ 125,000	$ 175,000	$ 300,000
DETROIT, MI.	$ 900,000	$ 3,750,000	$ 4,650,000
FT. WAYNE, IN.	$ 500,000	$ 0	$ 500,000
GREENVILLE, SC.	$ 0	$ 250,000	$ 250,000
JOLIET, IL.	$ 150,000	$ 0	$ 150,000
KANKAKEE, IL.	$ 125,000	$ 125,000	$ 250,000
MEMPHIS, TN.	DEVELOPER		
NEW YORK - PENN, NY.	$ 16,901,000	$ 0	$ 16,901,000
NORMAL, IL.	$ 250,000	$ 250,000	$ 500,000
ORLANDO, FL.	$ 330,000	$ 0	$ 330,000
PHILADELPHIA-30TH ST., PA	$ 3,000,000	$ 0	$ 3,000,000
PITTSBURGH, PA	$ 750,000	DEVELOPER	$ 750,000
REDDING, CA.	$ 0	$ 55,000	$ 55,000
NEW ROCHELLE, NY.	$ 3,500,000	$ 0	$ 3,500,000
SANTA BARBARA, CA.	DEVELOPER		
SPRINGFIELD, IL.	$ 250,000	$ 250,000	$ 500,000
SPRINGFIELD, MA.	$ 500,000	$ 0	$ 500,000
TRUCKEE, CA.		$ 825,000	$ 825,000
WASHINGTON, DC.	DEVELOPEMMENT PROJECT		
TOTAL	$ 27,881,000	$ 6,030,000	$ 33,911,000

SENATOR LAUTENBERG: List the stations which Amtrak is in the process or planning stage for adoptive reuse (real estate development).

ANSWER: The information requested follows:

ADAPTIVE USE STATION PROJECTS

PROJECT	PROJECT DESCRIPTION	PROJECT STATUS
Windsor, CT (station/freight house)	Long-term lease to Town of Windsor/ Greater Hartford Transit Dist.; multi-modal transportation center (Amtrak, bus and taxi service) and mixed-use commercial development (restaurant, retail shops, offices).	Under construction; site work and exterior building renovation work to be completed fall 1987; transportation facility and commercial space to be completed spring 1988.
Windsor Locks, CT (former station/freight house)	Long-term lease to developer; commercial development (office and retail).	Renovation of building completed; subtenant space to be completed summer 1987.
Old Saybrook, CT (station/freight house/ tower)	Long-term lease to developer; Multi-modal transportation center (Amtrak, bus and taxi service, hist. steam train), railroad museum and mixed-use commercial development (restaurant, retail shops, offices)	Station renovation complete; restaurant open; additional retail space to be completed fall 1987.
Mystic, CT (station)	Short-term lease to Town; Amtrak use and concession space.	Projected completed; lease with municipality recently renewed.
Newark, DE (station)	Station being sold to city; adaptive use as office space.	Negotiations underway with city of Newark for the sale of the station.
Albion, MI (station)	Long-term lease to city; multi-modal transportation center (Amtrak, bus and taxi service) with commercial tenants (offices and travel agent).	Renovation work completed.
Battle Creek, MI (former station/freight house)	Station being sold to city; adaptive use as art center.	Negotiations underway.
Chelsea, MI (former station)	Station sold to civic group; adaptive use as civic center.	Renovation work underway.
Ypsilanti, MI (former station/freight house)	Station being sold to private developer; adaptive use as restaurant.	Negotiations underway.
Bristol, PA (former station)	Long-term lease to local civic group; adaptive use as restaurant with renovated caboose as newsstand and carryout.	Site work underway; caboose placed on property; restaurant to open spring 1988.
Haverford, PA (station)	Long-term lease to developer; adaptive use as office space; SEPTA station.	Renovation of building completed.
Bryn Mawr, PA (former freight house)	Long-term lease to developer; adaptive use as restaurant.	Project plans being processed thru local planning authority; restaurant to open late fall 1987.
Devon, PA (station)	Long-term lease to developer; adaptive use as restaurant and country inn; SEPTA station.	Negotiations underway; restaurant/ country inn to open spring 1988.
Overbrook, PA (station)	Long-term lease to convenience store chain; SEPTA station.	Negotiations underway; convenience store to open spring 1988.
Rosemont, PA (station)	Long-term lease to developer; adaptive use as office space; SEPTA station.	Building renovation work complete.
Christiana, PA (former station)	Long-term lease to developer; adaptive use as civic center and museum.	Building renovation work complete.
Greensburg, PA (station/freight house)	Long-term lease to developer; adaptive use as restaurant, retail stores and office space.	Plans being approved by Pa. Hist. Comm.; restaurant to open late fall 1987.
Johnstown, PA (station)	Station sold to private developer; adaptive use as retail center and multi-modal transportation center.	Station renovation work underway; project completion expected summer 1988.
Latrobe, PA (station/freight house)	Station sold to private developer; adaptive use as restaurant.	Building renovation work completed.
Lewistown, PA (former station)	Station sold to local RR historical society; adaptive use as RR museum.	Renovation work underway; project to be completed summer 1987.
East Greenwich, RI (former station)	Station sold to private developer; adaptive use as restaurant.	Renovation work underway; restaurant to open late summer 1987.
Westerly, RI (station/freight house)	Long-term lease to developer; adaptive use as restaurant and retail shops.	Lease negotiations underway; project completion expected early spring 1988.

SENATOR LAUTENBERG: Provide the committee a pro forma program and financing statement similar to that submitted by federal agencies in their budget requests.

ANSWER: The requested data is attached.

GRANTS TO THE NRPC
PROGRAM AND FINANCING
($ Millions)

	FY 86 Actual	FY 87 Estimated	FY 88 Estimated
Program by activities:			
Operating grants	590.7	582.0	571.5
Labor protection and capital gains	83.7	44.1	58.8
Total obligations	674.5	626.1	630.3
Financing:			
Unobligated balance available, start of year	(107.8)	(24.1)	-
Unobligated balance transferred, net	(28.5)	(7.2)	-
Unobligated balance available, end of year	24.1	-	-
Budget authority (appropriation)	562.2	594.8	630.3
Relation of obligations to outlays:			
Obligations incurred, net	674.5	626.1	630.3
Obligated balance, start of year	20.3	14.4	36.1
Obligated balance, end of year	(14.4)	(36.1)	(40.0)
Outlays	680.3	604.4	626.4

SENATOR LAUTENBERG: Restricted revenue in the operating expense form is $36 million, in the narrative for Revenue Enhancement (page 16) $29 million is displayed. What is the difference?

ANSWER: The majority of the difference between restricted revenue shown on page 16 of the justification package and the Revenue Enhancement contribution available for capital is funding required for the FY 88 self insurance provision. The remainder is interest earned on restricted Safe Harbor revenues from 1983.

SENATOR LAUTENBERG: List the "200-miles" of off-corridor track owned by Amtrak.

ANSWER: Off-corridor trackage owned by Amtrak according to the latest Railroad Annual Report is as follows:

12th Street Yard, Chicago and Joint Tracks	12 miles
8th Street Yard, Los Angeles	12 miles
Rennsalaer, New York Facility	2 miles
Beech Grove, Indiana	4 miles
New Orleans, LA Yard and NOUPT	10 miles
LAUPT	6 miles
Chicago Union Station	18 miles

Michigan District	
from Kalamazoo, MI to Porter, IN	115 miles
Sandbank Yard to Hoffman's, NY	7 miles
Post Road, NY to Albany	13 miles
Chicago Joint Tracks	
owned and maintained by Amtrak,	
operated by CUS	4 miles
TOTAL	203 miles

SENATOR LAUTENBERG: What is the status of tax-exempt status for Amtrak?

ANSWER: In accordance with the provisions of Public Law 97-257, Amtrak is exempt from all state and local taxes and fees. Amtrak does not pay state and local taxes, including sales tax on purchases, personal property taxes and real estate taxes. Amtrak's tax exempt status was recently upheld in National Railroad Passenger Corporation v. New Castle County, 633 F.Supp. 354 (D.Del 1986).

SENATOR LAUTENBERG: Breakdown the "Train Operations" request for 1988 by salary supervisory, salary union, personnel benefits, power and fuel, other major categories.

ANSWER: The information follows:

	$ Millions
Supervisory salaries	7.1
Union salaries (including overtime)	141.7
Benefits	51.6
Fuel and power	82.6
Railroad performance payments	24.1
Other Railroad Operating Expense	69.5
Miscellaneous other	2.4
Total	379.0

SENATOR LAUTENBERG: Breakdown by dollar amount and by major activity the cost of maintenance of equipment, fiscal year 1987 versus 1988.

ANSWER: The breakdown requested follows

FY 88 FEDERAL GRANT JUSTIFICATION
MAINTENANCE OF EQUIPMENT
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	362.0	374.8
PROGRAMS		
Car Running	101.9	104.3
Car Heavy	38.7	40.1
Locomotive Running	37.7	39.7
Locomotive Heavy	29.7	30.9
Other Running	9.7	10.5
Other Heavy	4.3	4.4
Support	112.2	112.0

Commuter Maintenance	4.3	4.4
Revenue Enhancement	3.1	3.3
Other	5.2	5.2
Total	346.8	354.8
MBTA Contract Service	15.2	20.0
	362.0	374.8

FY88 costs are in constant FY87 dollars.

SENATOR LAUTENBERG: Breakdown by dollar amount and by major activities the cost of maintenance of way, fiscal year 1987 versus 1988.

ANSWER: The breakdown requested follows:

FY 88 FEDERAL GRANT JUSTIFICATION
MAINTENANCE OF WAY
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	174.3	168.6
PROGRAMS		
Track	44.9	39.8
Comm., Signal & Power	27.1	24.6
Facility & Bldg.	8.5	8.4
Support	65.6	64.2
Rebuilt Materials	2.5	2.4
Contract Services	17.1	17.0
Atlantic City Project	25.6	20.1
Transfers to Capital	-28.7	-23.4
Sub-Total	162.6	153.1
MBTA Contract Service	11.7	15.5
Total	174.3	168.6

FY 88 costs are in constant FY 87 dollars.

SENATOR LAUTENBERG: Breakdown by dollar amount and by major activities the cost of on-board services, fiscal year 1987 versus 1988.

ANSWER: The breakdown requested follows:

FY 88 FEDERAL GRANT JUSTIFICATION
ON-BOARD SERVICE
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	137.6	142.4
PROGRAMS		
Sleeper Service	15.2	15.6
Coach Service	18.6	18.8
Food Service		
Commissary	14.7	14.7
Dining & Buffet	75.2	79.4
Sub-Total	89.9	94.1
Support	13.9	13.9
Total	137.6	142.4

FY 88 cost are in constant FY 87 dollars.

SENATOR LAUTENBERG: Provide the same comparison(s) fiscal year 1987 versus 1988 by major components for station services, marketing and reservations, general support, and administrative expenses.

ANSWER: The comparisons requested are shown in the following schedules.

FY 88 FEDERAL GRANT JUSTIFICATION
STATION SERVICES
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	108.7	108.3
PROGRAMS		
Ticketing	34.8	34.6
Baggage/Red Cap	19.3	19.2
Operations	39.7	39.6
Support	14.9	14.9
Total	108.7	108.3

FY 88 costs are shown in FY 87 dollars.

FY 88 FEDERAL GRANT JUSTIFICATION
MARKETING & RESERVATIONS
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	136.6	136.1
PROGRAMS		
Sales	11.0	10.9
Advertising/Promotion	32.7	32.6
Reservations	44.6	42.4
Travel Agent Commissions	25.0	26.7
Credit Card Commissions	6.0	6.3
Support	17.3	17.2
Total	136.6	136.1

FY 88 costs are shown in FY 87 dollars.

FY 88 FEDERAL GRANT JUSTIFICATION
GENERAL SUPPORT
($ MILLIONS)

	FY87 PROJ.	FY88 EST.
TOTAL EXPENSE	117.3	113.9
PROGRAMS		
General Support	110.6	107.4
Training	4.9	4.8
Corp. Development	1.8	1.7
Department Distribution		
Law	4.1	4.5
Finance	12.8	12.1
Customer Relations	0.8	0.8
Mkt. & Bus. Dev.	4.2	4.0
Information Systems	31.6	30.5
Personnel	17.5	17.0
Oper. & Maint. Support	13.0	12.3
Labor Relations	1.9	1.8
Passenger Services	6.1	5.9
Material Management	3.6	3.5
Police & Security	17.5	16.9
Other	4.2	4.6
Total	117.3	113.9

FY 88 costs are shown in FY 87 dollars.

SENATOR LAUTENBERG: What is the basis for the revenue estimate to increase from $987.4 million in 1987 to $1.06 billion in 1988?

ANSWER: The major bases for the revenue estimate increase from $987.4 million in 1987 to $1.06 billion in 1988 are: (1) projected ridership increases of 3.4% ($23 million), (2) rate increases associated with increases in passenger miles of 3.3% and yield of 1.7% ($29 million), and (3) full year operation of MBTA contract as compared to 9 months operation in fiscal year 1987 ($20 million).

SENATOR LAUTENGERG: Overall costs for on-board services increases $4.8 million FY 1987 over 1988 due to rising passenger volume.

What is the associated revenues for on-board services?

ANSWER: The Food and Beverage revenue estimate for FY 88 includes a $6.2 million (12.8%) increase as a result of increased ridership, improved on-board marketing of our food service and selective price increases.

SENATOR LAUTENBERG: By media, where does Amtrak spend its marketing dollars?

ANSWER: Amtrak's advertising expenditures are allocated to most media normally used to promote a product or service with a similar level of national penetration. This includes media with local, regional and national circulation and coverage. The determination to choose a particular type of media is usually based on the appropriateness and effectiveness of a medium for an Amtrak product and its efficiency in providing the impact needed to meet the advertising objectives and strategy. The use of media geographically for FY87 is as follows:

	% Allocation
Local	69
National	26
Regional	5
TOTAL	100

Description

Local Media. The market specific approach which Amtrak uses to have the greatest impact in its highest revenue and ridership markets mostly uses Spot Television. This is purchased on a local basis from TV stations in each of the 34 market specific locations. Some syndicated TV is also purchased to reach these markets when its delivery is more effective and the cost is more efficient.

Spot, or market-by-market, radio buys are employed, but mostly for Auto Train and the Metroliner Service.

Local newspapers are used on special occasions. These are usually to complement the basic advertising effort to introduce a service improvement or special fare.

Sunday newspaper supplements promote the All Aboard America Fare and, via on-page coupons, support the sales promotion effort to distribute the Travel Guide.

Network and cable television are used selectively on an efficiency basis to reinforce the regular advertising. Cable TV, which has growing penetration across the country, also extends the reach of Amtrak's advertising into areas that would otherwise be unaffordable.

Out-of-home media is used primarily for the Metroliner Service and Auto Train. The efficiency of some out-of-home buys, however, provides an opportunity to promote service enhancements and fares.

National magazines support both the travel trade category, which

now includes more than 26,000 travel agents who service the Amtrak business. Some special editions of general consumer magazines are also used when there is an opportunity to generate special impact for Amtrak as a national rail passenger system.

SENATOR LAUTENBERG: Breakdown insurance costs by type for fiscal year 1988.

ANSWER: The information follows:

	$Millions
Purchased Insurance	4.7
Passenger Claims	29.1
Employee Claims	36.0
Crossing Claims & Other	13.4
Total Insurance Costs	83.2

SENATOR LAUTENBERG: The total capital program for fiscal year 1988 is $87 million, some portion for Headquarters relocation. To where and who is being relocated?

ANSWER: Amtrak anticipates moving a major portion of its Washington, D.C., headquarter's staff from the present North Capitol Street address to renovated office space in Washington Union Station. In in effort to make the most efficient use of this space, we are developing space plans for the new Washington Union Station offices and, therefore, cannot report at this time which corporate functions or individuals will be moved to that location.

SENATOR LAUTENBERG: How much of the $15 million is for station improvements?

ANSWER: $2.5 million is included in the FY88 plan for station improvements.

SENATOR LAUTENBERG: Break down further the amount for right-of-way and facilities (page 20 of Justification). Specifically, which bridges and buildings are upgraded?

ANSWER: Right-of-way requirements will total approximately $35 million. The following is a list of bridge and building work proposed on the Northeast Corridor:

- Boston Division - Upgrade and repair 10 bridges.
- Boston Division (Empire District) - Upgrade and repair 2 bridges and various culverts.
- New York Division - Upgrade and repair 4 bridges.
- Philadelphia Division - Upgrade and repair 11 bridges.

- o Tunnel repairs - Upgrade mechanical, ventilation and electrical systems in tunnels between Washington and New York.

Bridge and building work will total approximately $2.5 million.

SENATOR LAUTENBERG: Elaborate further on the $12 million of "other expenses" in the capital budget. What types of projects are financed for business, legal, insurance and for environmental reasons?

ANSWER: The "Other" category includes:

- o making installment payments on capitalized leases and other multi-year financing arrangements;
- o funding fire safety improvements at various Amtrak facilities to reduce insurance premiums; and
- o establishing a modest reserve fund to cover unanticipated, but profitable, initiatives and other contingencies. This includes funds for correcting, as needed, environmental problems at Amtrak facilities.

SENATOR LAUTENBERG: In the prepared testimony Amtrak suggest a number of legislative changes. Provide for the committee, Amtrak's five year projections of the savings, by year by suggested change.

ANSWER: The information is attached.

	Estimated Annual Savings ($Millions)					
	FY 88 1_/	FY 89	FY 90	FY 91	FY 92	Total
Conversion from FELA to State workmans compensation 2_/	10.0	18.0	18.0	18.0	18.0	82.0
Conversion from Railroad Unemployment to State Unemployment 3_/	20.0	23.0	23.0	23.0	23.0	112.0
Conversion from RRTA to Social Security 4_/	20.0	30.0	30.0	30.0	30.0	140.0
Estimated Annual Savings	50.0	71.0	71.0	71.0	71.0	334.0

1_/ FY 88 savings assumes effective date of January 1, 1988.

2_/ Assumes average savings of Connecticut and Indiana rules as estimated in the August 1986 GAO Report on Comparison of Employee Injury Claims Under Federal and State Laws

3_/ Assumes Standard State Unemployment rates

4_/ Net savings after providing employees with retirement benefits that equal the full RRTA entitlements

SENATOR LAUTENBERG: What would be the impact on the viability of the Railroad Retirement System if Amtrak does not participate?

ANSWER: Under existing law Amtrak will in FY88 pay approximately $110 million for the Tier II and Supplemental portions of Railroad Retirement. These amounts are used to pay benefits on a current basis to existing railroad industry retirees. Of this total, only approximately $10 million will go to pay benefits to retirees for entitlement earned while working for Amtrak.

The remaining $100 million, although charged as a rail passenger expense, will be used to pay benefits for non Amtrak railroad retirees.

The Amtrak proposal to convert to Social Security plus a defined benefit plan replacing Tier II benefits would initially decrease income to the Railroad Retirement System. However, the system would later significantly benefit because Amtrak would assume full supplemental retirement liability for over 20,000 Amtrak employees.

This change would eliminate the current inequities of a system that significantly inflates Amtrak's costs in a manner that management cannot control, for a purpose that has no connection with the provision of rail passenger service and which in fact constitutes a federal subsidy to retirees from the private railroads.

Questions Submitted by Senator D'Amato

SENATOR D'AMATO: Amtrak currently has an employee assistance program. What is the status of implementing the "Operation Red Block Program", and what improvements will Red Block provide in the effort to eliminate drugs and alcohol from the transportation workplace?

ANSWER: Amtrak has implemented a "Red Block" program with both the United Transportation Union and the Brotherhood of Locomotive Engineers. Under this program, Amtrak hopes that employees using alcohol and drugs will enter Amtrak's Employee Assistance Program for treatment of drug and alcohol dependency. Under Amtrak's program, the rehabilitated employee can return to his former position after completion of the program, and any discipline charged against him relating to the use of drugs or alcohol is removed from the employee's record. It is my hope that this type of treatment of employees using drugs or alcohol will create the atmosphere necessary to encourage employees to help themselves and each other.

SENATOR D'AMATO: As you know, labor representatives object to random testing partly on the grounds that employees may be harassed, and that results may be inaccurate. What does Amtrak intend to do, in the event random testing is legislated, to meet these concerns?

ANSWER: Amtrak is very familiar with the twin concerns that have been frequently expressed by the labor organizations concerning the potential for harassment or inaccurate test results in connection with alcohol and drug testing programs. With respect to harassment, Amtrak believes that a random testing program should be based on a computer program that will randomly schedule each covered employee for testing a minimum number of times per year. So that no employee would feel that

he or she is "free" for the year after having been tested the minimum number of times, the computer should also randomly schedule some employees for additional tests.

It should be understood that Amtrak feels it is essential to retain reasonable cause testing along with a random testing program. While there is more potential for harassment under a reasonable cause testing program than under a computerized random testing program, harassment has not been a problem to date under existing reasonable cause testing programs. There is no reason to believe that this would change.

There is much misunderstanding and concern about the accuracy of drug tests. The testing technology used to perform initial screens on urine samples may yield inaccurate results (either positive or negative) in a relatively small proportion of cases. Where a negative result is obtained in the initial screen, no further action is taken with respect to testing of the employee. Where the result of the initial screen is positive and there may be a disciplinary consequence from the test, Amtrak policies provide that the test result must in all cases be confirmed by a test that is specific for the substance or substances detected in the initial screen. The confirmation test is performed at a high-quality independent laboratory. While it is necessary to carefully control the chain of custody of samples, the technology used in performing the confirmation testing is extremely accurate.

SENATOR D'AMATO: Have you analyzed the report prepared for the Coalition of Northeastern Governors calling for improved high-speed service in the New York-Boston corridor?

ANSWER: Yes, we have analyzed the CONEG report, and we are pleased that the Governors directed the Task Force to continue its efforts. Amtrak agrees that the region's intercity rail passenger service is a valuable resource which should be further developed, and the public interest generated by the CONEG report reinforces the importance of this transportation mode. We have sent Amtrak's comments on certain points in the report to the Coalition.

SENATOR D'AMATO: What financing options are available to Amtrak and/or the states to make these necessary capital improvements, intended to relieve highway and airway congestion?

ANSWER: Amtrak cannot use its own limited capital resources to fund the improvements proposed by the Coalition. However, the states may be able to secure all or a portion of the funds from local or federal sources independent of Amtrak. I note that S. 771, introduced by Senator Claiborne Pell, seeks to create a Joint Interstate Compact for purposes of funding the capital improvements proposed by the Coalition.

SENATOR D'AMATO: Does the current $18 million capital budget provide sufficient resources for safety equipment, especially in the Northeast Corridor? If not, please indicate in detail what supplemental funds are necessary.

ANSWER: No. We are asking for some $21.5 million of authorized but unappropriated NECIP funds for specific safety-related items re-emphasized by the recent Chase, Maryland accident. Without these funds it will be necessary to stretch

out these projects over a number of years instead of accomplishing them promptly.

SENATOR D'AMATO: To what extent is the increased capital request for fiscal year 1988 necessary to make safety investments in the Corridor?

ANSWER: None of the increase in Amtrak's $57.5 million FY88 capital request is attributable to safety projects in the Corridor. As noted above, we need additional NECIP funding for this purpose.

SENATOR D'AMATO: In the meanwhile, absent legislation or new regulation, have Conrail and other carriers been cooperating about voluntary installation?

ANSWER: Yes. Meetings have been held with all freight and commuter users of the NEC, and each one has agreed that installation of speed control on their equipment is appropriate. The major problem area in these discussions, especially for commuter agencies such as New Jersey Transit and SEPTA, is the question of who is going to fund the installation of speed control devices and the time frame involved in installing them. In the case of the freight railroads, the particular concern is that the system installed be technically capable of safe handling of long freight trains. We are currently working with Conrail in the development of an appropriate system.

SENATOR D'AMATO: At the subcommittee's January 21 hearing into the tragic Conrail crash, the FRA Administrator and the Amtrak and Conrail Presidents agreed to meet to restrict freight movements during periods of heavy Amtrak passenger service in the Corridor. What is the result of these consultations?

ANSWER: As a result of consultation among Amtrak, Conrail, and other freight railroads, two trains have been removed between Morrisville and Newark, New Jersey. Discussions are being held about rerouting traffic via Hagerstown instead of Potomac Yard. Discussions with Conrail about alternate routings are being held concerning NS and CSX routings. We have put 30 mph speed restrictions on freight traffic on the NEC main line between 6:00 a.m. and 10:00 p.m.

SENATOR D'AMATO: Please comment on the proposal, by the Delaware and Hudson, to amend the rail safety bill to provide the D&H with trackage rights from Harrisburg, Pennsylvania, to Hagerstown, Maryland. Is this proposal integral to removing freight from the corridor?

ANSWER: Yes. We support this; it would remove all D&H freight from the Corridor.

PENN STATION PROJECT

SENATOR D'AMATO: What is the status of the Amtrak Board's approval of the agreement on Penn Station, negotiated last year between Amtrak and the MTA Board?

ANSWER: In April 1986, Amtrak's Board approved an agreement with the Long Island Railroad regarding a centralized train control facility for Penn Station, the lease of certain space on

the "A" level, and related matters. Amtrak was authorized to enter into a Joint Venture Agreement, a Lease Agreement, a revised Joint Facility Agreement and Trust Agreement in the form of drafts dated April 18, 1986. The Board resolution approving these agreements has not been modified or rescinded as of March 7, 1987.

WEST SIDE CONNECTION

SENATOR D'AMATO: Please provide a status report on the West Side Connection Project. Your statement mentions delays and increased costs for both Amtrak and New York. Have revenue sources been identified for these overruns?

ANSWER: Amtrak and the New York State Department of Transportation have signed an Implementation Agreement dated as of April 8, 1986, for construction of the West Side Connection between Spuyten Duyvil and Penn Station, New York. Property rights for this rail line were acquired from Consolidated Rail Corporation on June 30, 1986, at a cost of $3.9 million. Negotiations are continuing with the Convention Center for use of a portion of its property across which the rail line will pass.

Construction is under way on a 110-foot segment of tunnel under 10th Avenue to connect Penn Station with the tunnel shell built earlier under the new Long Island Rail Road storage yard west of 10th Avenue. Detailed design of the remaining project elements is proceeding and completion of the connection is planned for mid-1989.

The agreement with New York is based on an estimated project cost of $50 million, not including acquisition of real estate which is being handled directly by Amtrak. Of the $50 million, Amtrak will contribute $30 million, and the non-Amtrak share will be $20 million, including $6 million for the tunnel under the LIRR and a State contribution of $14 million. Costs above $50 million are to be shared on a 60/40 basis by Amtrak and the State. The present estimate is $85 million, including the $6 million for the tunnel. Completion of the project on schedule will depend on a timely commitment by the State to provide an additional $14 million, its share of the additional $35 million in estimated project costs. The State has not yet confirmed its ability to provide these additional funds.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. We will be adjourning this meeting and announce that the next meeting of the Transportation Subcommittee of Appropriations will be on March 12, in room SD-138 Dirksen, at 10 a.m.

With that, the meeting is adjourned. Thank you very much.

[Whereupon, at 12:27 p.m., Thursday, March 5, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 12.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, MARCH 12, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The committee met at 10:15 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, Chiles, Harkin, and D'Amato.

PANAMA CANAL COMMISSION

STATEMENTS OF:
WILLIAM R. GIANELLI, SECRETARY OF DEFENSE REPRESENTATIVE FOR PANAMA CANAL AFFAIRS AND CHAIRMAN OF THE BOARD OF THE PANAMA CANAL COMMISSION
DENNIS P. McAULIFFE, ADMINISTRATOR

ACCOMPANIED BY MICHAEL RHODE, SECRETARY

OPENING REMARKS

Senator LAUTENBERG. The subcommittee will please come to order.

Today, the subcommittee is going to hear requests from the Panama Canal Commission and the National Transportation Safety Board.

Both are small by federal standards but both have very important functions.

The total budget proposed for the National Transportation Safety Board is $23,556,000, including 310 full-time equivalent staff-years. That's a cut of 14 full-time positions.

The NTSB is the safety watchdog of the federal establishment. The administration's budget is, I think, meant to pull some of its teeth. That's not surprising.

I have a statement I'm going to make about Mr. Burnett in his role as Chairman of the NTSB. And since we have at the moment our friends on the Panama Canal Commission, I'll forego the statement so that we can hear our witnesses.

And I'll just say that the Panama Canal Commission, as everyone knows, is responsible for the operation and maintenance of the Panama Canal, and for managing its transfer to the Republic of Panama by the end of this century.

The canal is a vital link in world commerce, and one of the engineering marvels of our age. The Commission is requesting a total of $467,050,000 under current law.

The budget also proposes legislation to convert the Commission's financing from a special fund appropriation to a revolving fund.

If this change is enacted, the Commission would request an appropriation of $168,656,000 to transfer its unencumbered balances to the new revolving fund.

The Commission is represented this morning by Mr. William R. Gianelli, the Secretary of Defense representative for Panama Canal Affairs, Chairman of the Board of Directors, and General Dennis McAuliffe, the Commission's Administrator.

We have someone else joining us at the table, whom we'll have introduced.

We welcome all of you, and we have your full statements. They'll be made part of the record, and any summaries that you wish to introduce will be welcome. But make certain that you do review what you consider the important parts of your formal testimony.

With that, we welcome you, and make sure we've introduced everyone at the table.

OPENING STATEMENT OF SENATOR D'AMATO

Senator D'AMATO. Mr. Chairman, it is a pleasure to welcome our witnesses this morning from the independent agencies, the Panama Canal Commission, and the National Transportation Safety Board. With regard to the Commission, the subcommittee, again this year, will review your operating and capital budget request within the context of anticipated canal revenues. I would point out, however, that the requested supplemental request for fiscal year 1987 illustrates one of the ironies of the Gramm-Rudman-Hollings legislation. Specifically, the subcommittee, if it provides the requested supplemental both for payments to Panama mandated by the treaty, and for emergency repairs, must look to other transportation activities for corresponding offsets. Inasmuch as the Commission must run its activities within available revenue, this Gramm-Rudman-Hollings requirement strikes me as an unintended restraint.

I will take this opportunity to commend the National Transportation Safety Board, not just its members, but its staff, for cooperation and candor with the Congress. This subcommittee struggles each year with safety issues in each of the transportation modes. The recommendations of the Board must be timely and accurate in order to establish goals for those agencies over which the subcommittee exercises oversight.

We will review these issues in further detail, Mr. Chairman, before establishing our recommendations for funding in fiscal year 1988.

SUMMARY STATEMENT OF BOARD CHAIRMAN

Mr. GIANELLI. Thank you very much, Mr. Chairman.

For the record, I am William R. Gianelli. I am, as you indicated, the Secretary of Defense Representative for Panama Canal Affairs, and I have been Chairman of the Panama Canal Commission now for some 6 years.

With me today, as you indicated, to my left is Mr. Dennis P. McAuliffe. He is the Administrator of the Canal Commission. And to my right is Mr. Michael Rhode, who is the Secretary of the Commission.

In addition, Mr. Chairman, we have other staff in the audience in case there are questions which the subcommittee may have of us. And they'll be able to assist in responding if it's necessary.

I appreciate your offer to put our full statements in the record. What I'd like to do today is to proceed with my oral statement, and with your permission, have Mr. McAuliffe present with his oral statement. And then we'll all be available for responses to questions that you or other Members may have.

CONVERSION TO REVOLVING FUND

First of all, Mr. Chairman, I'd like to talk a little bit about the subject of conversion to the revolving fund. You've already noted from the President's budget that the administration is proposing legislation to convert the Panama Canal Commission from a special appropriated-fund agency to a revolving-fund agency, effective in fiscal year 1988. This legislation has recently been forwarded to the Congress. But it's not yet been introduced. We believe enactment of this proposed legislation will enhance the operation of the Panama Canal, and accordingly, solicit your support for its passage.

The success that the Commission has experienced in meeting its financial responsibilities and in providing safe and efficient services to world shipping at a competitive price is due in large part to the businesslike practices used in running the waterway. Although constrained considerably by laws and regulations, which are applicable to a tax-supported agency, this mixture of business goals and appropriated fund structure has so far worked successfully. However, recent developments have demonstrated the need to pursue a change in the financial structure for the Commission. We have been caught up in a number of Federal budget reduction measures which, in our view, should not have been applied to the canal organization because of its unique financial situation.

Because the Commission is self-sufficient and does not use tax dollars, mandated cuts in the Commission's budget do not result in any improvement in the federal budget. Instead, under the terms of the Panama Canal Treaty, such reductions could seriously hamper our ability to operate and maintain the canal on a businesslike basis, and would result in profit payments to the Government of Panama.

I believe that the Panama Canal Commission should be recognized for what it is already, and that is, it's a revolving fund operation; and removed from the constraints associated with operating under an appropriated fund format.

One portion of the proposed legislation that would ease the concern that Commission resources may be inadequate to meet large, unpredictable expenses or lengthy interruptions of Canal revenue resulting from a catastrophic incident is the insurance provision.

That provision would expand the scope of the Commission's authority to insure against unpredictable events. We believe that this provision is particularly important, and we will urge that it be enacted as part of the legislation.

APPROPRIATION REQUIREMENT

Moving on, Mr. Chairman, to the appropriation request, unless the legislation is enacted before October 1, 1987, converting the agency to a revolving fund, the Commission will require appropriations from which to operate.

While Mr. McAuliffe will address the budget requirements in more detail, I would like to offer some general comments, if I might. First, the Commission's fiscal year 1988 budget submission is in accord with the program and objectives of the President. Second, all operating and capital requirements involve no U.S. taxpayer dollars. Third, the level of appropriations requested would allow the Commission to continue to operate, maintain, and improve the canal in a safe and efficient manner. And fourth, the programs of the Commission in 1988 will be carried out without the need for an increase in our present toll rates.

CAPITAL PROGRAM

With respect to the capital program, we are projecting a requirement for $37 million. This level of capital investment is considered necessary for the future well-being of the canal.

It provides funds for projects that have been deferred over the past years due to funding reductions, and recognizes the increasing need to improve and replace installations and transit-related equipment on an orderly basis, due to the aging of the canal plant as a whole.

1987 SUPPLEMENTAL

Moving on to the fiscal year 1987 supplemental request, Mr. Chairman and members of the subcommittee, the Commission is requesting supplemental financing in fiscal year 1987 amounting to some $8 million. This amount is required for two items. First of all, the $2 million to pay the Government of Panama the obligations arising from the 1986 operating profit; and second, $6 million, representing a portion of the financing is required to remove a landslide in the canal which occurred at the beginning of fiscal year 1987. Mr. McAuliffe will also comment on these two items.

Resources are available in the Panama Commission fund to cover this supplemental requirement. However, because these costs were unexpected, revenues in 1987 may not be sufficient to make them up completely. If this proves to be the case, any unrecovered cost will be carried forward for recovery in future periods, as provided for in the Panama Canal Act, that is, Public Law 96–70.

CONCLUSION

In closing, Mr. Chairman, the budget programs we have submitted for your approval will enable us to continue to fulfill our mission to operate the canal in a safe, efficient manner at no cost to the U.S. taxpayer.

The requested capital investment is essential to our modernization efforts, as we seek to ensure that the canal is a viable, cost-effective transportation alternative for maritime trade.

With your help, we will continue our efforts to provide reliable service to world shipping.

Mr. Chairman, this concludes my oral statement. Again, as I indicated earlier, I would recommend that Mr. McAuliffe be allowed to present his statement, and then we will both, and others, be available for questions.

Thank you very much.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you, Mr. Gianelli. Your complete statement will be inserted in the record.

[The statement follows:]

STATEMENT OF WILLIAM R. GIANELLI

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM WILLIAM R. GIANELLI, SECRETARY OF DEFENSE REPRESENTATIVE FOR PANAMA CANAL AFFAIRS AND CHAIRMAN OF THE BOARD OF THE PANAMA CANAL COMMISSION. I AM PLEASED TO APPEAR BEFORE YOU TODAY TO REQUEST APPROPRIATIONS FOR THE FISCAL YEAR 1988 BUDGET PROGRAMS OF THE PANAMA CANAL COMMISSION, THE AGENCY RESPONSIBLE FOR THE OPERATION OF THE PANAMA CANAL. PARTICIPATING WITH ME IN THIS HEARING ARE DENNIS P. MCAULIFFE, THE ADMINISTRATOR OF THE COMMISSION; MICHAEL RHODE, SECRETARY OF THE COMMISSION; AND RICHARD BURGOON, CHIEF FINANCIAL OFFICER.

AT THE OUTSET, LET ME OFFER MY CONGRATULATIONS ON YOUR ELECTION AS CHAIRMAN OF THIS IMPORTANT SUBCOMMITTEE. I ALSO WANT TO THANK YOU AND THE OTHER MEMBERS OF THE SUBCOMMITTEE FOR THE ASSISTANCE RECEIVED OVER THE YEARS AND PARTICULARLY THIS PAST YEAR WITH LEGISLATION THAT PROVIDED ESSENTIAL RELIEF FROM THE GRAMM-RUDMAN LAW.

CONVERSION TO REVOLVING FUND

YOU WILL HAVE ALREADY NOTED FROM THE PRESIDENT'S BUDGET THAT THE ADMINISTRATION IS PROPOSING LEGISLATION TO CONVERT THE PANAMA CANAL COMMISSION FROM A SPECIAL APPROPRIATED-FUND AGENCY TO A REVOLVING-FUND AGENCY, EFFECTIVE WITH FISCAL YEAR 1988. THIS LEGISLATION HAS RECENTLY BEEN FORWARDED TO THE CONGRESS BUT NOT YET INTRODUCED. WE BELIEVE ENACTMENT OF THIS PROPOSED LEGISLATION WILL ENHANCE THE OPERATION OF THE PANAMA CANAL AND ACCORDINGLY, SOLICIT YOUR SUPPORT FOR ITS PASSAGE.

AS YOU KNOW, THE PANAMA CANAL COMMISSION WAS ESTABLISHED AS AN APPROPRIATED FUND AGENCY BY THE PANAMA CANAL ACT OF 1979, AND HAS OPERATED UNDER THAT FORMAT SINCE ITS INCEPTION ON OCTOBER 1, 1979. ALTHOUGH CONSTITUTED TO OPERATE FROM APPROPRIATIONS, THE COMMISSION WAS NEVERTHELESS CHARGED WITH THE RESPONSIBILITY TO OPERATE THE CANAL ON A SELF-SUSTAINING BASIS, AT NO COST TO THE U.S. TAXPAYER. AS THE COMMITTEE IS AWARE, THE COMMISSION HAS ACHIEVED THIS OBJECTIVE IN EACH OF THE LAST SEVEN YEARS.

THE SUCCESS THAT THE COMMISSION HAS EXPERIENCED IN MEETING ITS FINANCIAL RESPONSIBILITIES AND IN PROVIDING SAFE AND EFFICIENT SERVICES TO WORLD SHIPPING AT COMPETITIVE PRICES IS DUE, IN LARGE PART, TO THE BUSINESSLIKE PRACTICES USED IN RUNNING THE WATERWAY. ALTHOUGH CONSTRAINED CONSIDERABLY BY LAWS AND REGULATIONS APPLICABLE TO A TAX-SUPPORTED AGENCY, THIS MIXTURE OF BUSINESS GOALS AND APPROPRIATED-FUND STRUCTURE HAS SO FAR WORKED SUCCESSFULLY. HOWEVER, RECENT DEVELOPMENTS HAVE DEMONSTRATED THE NEED TO PURSUE A CHANGE IN THE FINANCIAL STRUCTURE OF THE COMMISSION.

SPECIFICALLY, IN THE LAST FEW YEARS WE HAVE BEEN CAUGHT UP IN A NUMBER OF FEDERAL BUDGET REDUCTION MEASURES WHICH, IN OUR VIEW, SHOULD NOT HAVE BEEN APPLIED TO THE CANAL ORGANIZATION BECAUSE OF ITS UNIQUE FINANCIAL SITUATION.

BECAUSE THE COMMISSION IS SELF-SUFFICIENT AND DOES NOT USE TAX DOLLARS, MANDATED CUTS IN THE COMMISSION'S BUDGET DO NOT RESULT IN ANY IMPROVEMENT IN THE FEDERAL BUDGET. INSTEAD, UNDER THE TERMS OF THE PANAMA CANAL TREATY, SUCH REDUCTIONS COULD SERIOUSLY HAMPER OUR ABILITY TO OPERATE AND MAINTAIN THE CANAL ON A BUSINESS-LIKE BASIS AND WOULD RESULT IN PROFIT PAYMENTS TO THE GOVERNMENT OF PANAMA. THIS UNIQUE SITUATION WAS RECOGNIZED BY CONGRESS LAST YEAR WHEN IT EXEMPTED THE COMMISSION FROM THE APPLICATION OF GRAMM-RUDMAN MANDATED REDUCTIONS.

BEFORE THE EXEMPTION BECAME EFFECTIVE THE COMMISSION HAD ALREADY HAD TO MAKE SIGNIFICANT MODIFICATIONS TO ITS PROGRAMMED ACTIVITIES. THE PROBLEM OF OPERATING UNDER THE APPROPRIATIONS SYSTEM WAS FURTHER DEMONSTRATED BY LAST YEAR'S UPSURGE IN TRAFFIC WORKLOAD, WHICH IMPOSED UNANTICIPATED EXPENDITURES ON THE COMMISSION WHICH WERE NOT PROVIDED FOR IN OUR APPROPRIATIONS. THIS YEAR, A MAJOR LANDSLIDE IN THE CANAL HAS ADDED SIGNIFICANT UNEXPECTED COSTS. THE RESULT HAS BEEN THE NEED, IN TWO CONSECUTIVE YEARS, FOR MAJOR INTERNAL REALLOCATION OF FUNDS, WHICH HAVE IMPACTED ADVERSELY ON THE ORDERLY CONDUCT OF THE COMMISSION'S BUSINESS. SUCH CONDITIONS CAN JEOPARDIZE MAINTENANCE AND OTHER PROGRAMS VITAL TO COMMISSION VIABILITY.

IN ORDER TO ELIMINATE THESE CONDITIONS, I BELIEVE THAT THE PANAMA CANAL COMMISSION SHOULD BE RECOGNIZED FOR WHAT IT IS ALREADY--A REVOLVING-FUND OPERATION--AND REMOVED FROM THE CONSTRAINTS ASSOCIATED WITH OPERATING UNDER AN APPROPRIATED-FUND FORMAT. IN PARTICULAR, THIS WOULD SERVE TO PLACE THE

COMMISSION OUTSIDE THE ARENA OF THE ANNUAL APPROPRIATIONS PROCESS WHICH STRIVES TO PARCEL OUT LIMITED TAXPAYER DOLLARS--DOLLARS WHICH THE COMMISSION, BY LAW, IS PRECLUDED FROM USING.

ONE PORTION OF THE PROPOSED LEGISLATION THAT WOULD EASE THE CONCERN THAT COMMISSION RESOURCES MAY BE INADEQUATE TO MEET LARGE, UNPREDICTABLE EXPENSES OR LENGTHY INTERRUPTIONS OF CANAL REVENUE RESULTING FROM A CATASTROPHIC INCIDENT IS THE INSURANCE PROVISION. THAT PROVISION WOULD EXPAND THE SCOPE OF THE COMMISSION'S AUTHORITY TO INSURE AGAINST SUCH UNPREDICTABLE EVENTS. WE BELIEVE THAT THIS PROVISION IS PARTICULARLY IMPORTANT AND WE WILL URGE THAT IT BE ENACTED AS A PART OF THE LEGISLATION.

APPROPRIATION REQUEST

UNLESS LEGISLATION IS ENACTED BEFORE OCTOBER 1, 1987 CONVERTING THE AGENCY TO A REVOLVING FUND, THE COMMISSION WILL REQUIRE APPROPRIATIONS FROM WHICH TO OPERATE. WHILE MR. MCAULIFFE WILL ADDRESS THE COMMISSION'S BUDGET REQUIREMENTS IN MORE DETAIL, I WOULD LIKE TO OFFER SOME GENERAL COMMENTS:

- THE COMMISSION'S FY 1988 BUDGET SUBMISSION, INCLUDING THE PROPOSED LEGISLATIVE CHANGE, IS IN ACCORD WITH THE PROGRAM AND OBJECTIVES OF THE PRESIDENT.

- ALL OPERATING AND CAPITAL REQUIREMENTS WILL BE COVERED BY CANAL RECEIPTS AND THEREFORE INVOLVE NO U.S. TAXPAYER DOLLARS.

- THE LEVEL OF APPROPRIATIONS REQUESTED WILL ALLOW THE COMMISSION TO CONTINUE TO OPERATE, MAINTAIN AND IMPROVE THE CANAL IN A SAFE, EFFICIENT MANNER.

- THE PROGRAMS OF THE COMMISSION IN 1988 WILL BE CARRIED OUT WITHOUT THE NEED FOR AN INCREASE IN THE PRESENT TOLL RATES.

WITH RESPECT TO THE CAPITAL PROGRAM, WE ARE PROJECTING A REQUIREMENT FOR $37.0 MILLION. THIS LEVEL OF CAPITAL INVESTMENT, WHILE HIGHER THAN IN PAST YEARS,

IS CONSIDERED NECESSARY FOR THE FUTURE WELL-BEING OF THE CANAL. IT PROVIDES FUNDS FOR PROJECTS THAT HAVE BEEN DEFERRED OVER PAST YEARS DUE TO FUNDING REDUCTIONS, AND RECOGNIZES THE INCREASING NEED TO IMPROVE AND REPLACE INSTALLATIONS AND TRANSIT-RELATED EQUIPMENT ON AN ORDERLY BASIS DUE TO THE AGING OF THE CANAL PLANT AS A WHOLE, AS WELL AS OBSOLESCENCE BROUGHT ON BY TECHNOLOGICAL ADVANCES.

FY 1987 SUPPLEMENTAL REQUEST

MR. CHAIRMAN, THE COMMISSION IS REQUESTING SUPPLEMENTAL FINANCING IN FISCAL YEAR 1987 AMOUNTING TO $8.0 MILLION. THIS AMOUNT IS REQUIRED FOR TWO ITEMS: $2.0 MILLION TO PAY THE GOVERNMENT OF PANAMA THE OBLIGATIONS ARISING FROM THE 1986 OPERATING PROFIT AND $6.0 MILLION REPRESENTING A PORTION OF THE FINANCING REQUIRED TO REMOVE A LANDSLIDE IN THE CANAL WHICH OCCURRED AT THE BEGINNING OF FISCAL YEAR 1987. MR. MCAULIFFE WILL ALSO COMMENT ON THESE TWO ITEMS BUT I WOULD LIKE TO ADDRESS THE LATTER ITEM IN MORE DETAIL.

DURING THE SECOND WEEK OF THE NEW FISCAL YEAR, ON OCTOBER 13, 1986, THE PANAMA CANAL EXPERIENCED A MAJOR LANDSLIDE IN THE GAILLARD CUT RESULTING IN A PARTIAL BLOCKAGE OF ONE OF THE NARROWEST SECTIONS OF THE PANAMA CANAL. THE SLIDE WAS PRECEDED BY A PERIOD OF HEAVY RAINFALL--THIRTEEN INCHES DURING THE PRIOR SEVEN DAYS AND SIX INCHES OF RAIN ON OCTOBER 10 ALONE. IT WAS ESTIMATED THAT AROUND ONE HALF MILLION CUBIC YARDS OF BANK MATERIAL SLID INTO THE CANAL CHANNEL, LIMITING THE PASSAGE OF SHIPS IN THAT AREA TO A NARROW CHANNEL OF ABOUT 120 FEET IN WIDTH AND 30 TO 34 FEET IN DEPTH.

BECAUSE OF THE SEVERITY OF THE SLIDE, AND THE NEED TO RETURN THE CANAL TO NORMAL OPERATION AS QUICKLY AS POSSIBLE, THE COMMISSION CONTRACTED FOR COMMERCIAL DREDGING AND EARTH MOVING ASSISTANCE TO AUGMENT ITS OWN CAPABILITIES. THIS COMMERCIAL DREDGING AND EARTH MOVING ASSISTANCE, AS WELL AS SUBSTANTIAL IN-HOUSE EFFORT, HAS RESULTED IN ADDITIONAL COST TO THE COMMISSION IN 1987 OF AROUND $15 MILLION. WE HAVE IDENTIFIED CERTAIN COST ITEMS AND CONTINUE TO LOOK FOR OTHERS, WITHIN OUR CURRENT BUDGET PROJECTIONS, WHICH CAN BE USED TO OFFSET THE SLIDE REMOVAL COST. HOWEVER, AT THIS TIME WE

ANTICIPATE THAT WE WILL BE UNABLE TO ABSORB COSTS AMOUNTING TO SOME $6 MILLION, AND THEREFORE NEED ADDITIONAL APPROPRIATIONS TO COVER THESE EXPENSES.

RESOURCES ARE AVAILABLE IN THE PANAMA CANAL COMMISSION FUND TO COVER THIS SUPPLEMENTAL REQUIREMENT; HOWEVER, BECAUSE THESE COSTS WERE UNEXPECTED, REVENUES IN 1987 MAY NOT BE SUFFICIENT TO MAKE THEM UP COMPLETELY. IF THIS PROVES TO BE THE CASE, ANY UNRECOVERED COSTS WILL BE CARRIED FORWARD FOR RECOVERY IN FUTURE PERIODS AS PROVIDED FOR IN THE PANAMA CANAL ACT (P.L. 96-70).

CONCLUSION

IN CLOSING, MR. CHAIRMAN, THE BUDGET PROGRAMS WE HAVE SUBMITTED FOR YOUR APPROVAL WILL ENABLE US TO CONTINUE TO FULFILL OUR MISSION TO OPERATE THE PANAMA CANAL IN A SAFE, EFFICIENT MANNER AND AT NO COST TO THE U.S. TAXPAYER. THE REQUESTED CAPITAL INVESTMENT IS ESSENTIAL TO OUR MODERNIZATION EFFORTS AS WE SEEK TO ENSURE THAT THE CANAL IS A VIABLE, COST-EFFECTIVE TRANSPORTATION ALTERNATIVE FOR MARITIME TRADE. WITH YOUR HELP, WE WILL CONTINUE OUR EFFORTS TO PROVIDE RELIABLE SERVICE TO WORLD SHIPPING.

MR. CHAIRMAN, THIS CONCLUDES MY PREPARED REMARKS. I RECOMMEND THAT MR. MCAULIFFE BE ALLOWED TO PRESENT HIS STATEMENT, AND THEN WE BOTH WILL BE AVAILABLE FOR QUESTIONS.

SUMMARY STATEMENT OF ADMINISTRATOR

Senator LAUTENBERG. We welcome Mr. McAuliffe to make his comments, particularly because he was born in New Jersey. It has nothing to do with parochialism here.

Mr. MCAULIFFE. Thank you, Mr. Chairman.

I am Dennis Phillip McAuliffe, the Administrator of the Panama Canal Commission. I'm pleased to appear before you today with the Honorable William R. Gianelli, to request appropriation for the fiscal year 1988 budget programs of the Panama Canal Commission, the agency responsible for the administration of the Panama Canal.

I join with Mr. Gianelli in expressing appreciation for the assistance received from this committee and its members on behalf of the Panama Canal. I shall summarize my statement.

OUTLOOK FOR CANAL

Despite a serious landslide which nearly closed the waterway at the beginning of the year, the Panama Canal is today in excellent operational condition. Much of the success of this operation is largely a result of the personal and professional commitment of our work force. This commitment, I believe, was demonstrated not only in the efforts to clean up the recent landslide and return the canal to normal conditions on record time, but also in the efforts to minimize the impact of the slide on our customers. In fact, near record levels of tolls were realized during the period despite the handicap of the restricted canal channel. As a result of this dedication and competence of the work force, I'm optimistic regarding the canal operation for the future.

CONVERSION TO REVOLVING FUND

I, too, join with Mr. Gianelli in encouraging your support in changing the Panama Canal Commission from an appropriated-fund agency to a revolving-fund agency.

While the Commission is by law an appropriated-fund agency, in fact it has, since its inception, operated as a self-sustained revolving-fund type entity. For this reason, conversion of the Commission to a revolving-fund agency in reality would not result in any major change with respect to its financial operations.

With the enactment of governmentwide, across-the-board deficit reductions, and the recognized inappropriateness of their application to the Panama Canal, together with the growing difficulties in the annual appropriations process to equitably distribute scarce tax dollars, this proposed legislation could not have come forth at a more opportune time. I might add that the legislation in no way nullifies or otherwise disturbs the legal mandate that the canal be operated on a self-sustaining basis at no cost to the U.S. taxpayer.

I would like to turn now to several other matters of importance to this committee and the Commission, starting with a brief report on the operating results for fiscal year 1986 and the outlook for 1987 and 1988.

1986 RESULTS

Fiscal year 1986 reported essentially a breakeven operation with revenues of $424.3 million, exceeding expenses by only $2 million. This modest profit will be payable to Panama under the treaty provisions, and funds for this payment are included in our budget submission for the 1987 supplemental request.

Fiscal year 1986 was an unusual one financially for the Commission. First, transit workload for the year was substantially above that projected in the budget. Second, the Commission paradoxically, while experiencing this surge in canal tonnage, was required to exercise funding restraints due to the Gramm-Rudman-Hollings budget deficit reduction act.

The Commission is very appreciative of the congressional relief from the Gramm-Rudman-Hollings Act which came in the last quarter of the

fiscal year. The consequences of not receiving the relief would have been quite detrimental to the Canal, without any apparent benefit to the U.S. Government.

OUTLOOK FOR 1987

As Mr. Gianelli has already mentioned, we had barely begun fiscal year 1987 when the canal was confronted with a major landslide in Gaillard Cut. Removal of the slide was begun immediately, as was corrective action to stabilize the adjoining slopes to minimize additional movement.

With the assistance of commercial dredge services, by December 23 we had restored preslide conditions in the navigation channel, and normal operations were in effect. We received many congratulatory messages from canal customers complimenting us on the quick response and effective handling of the situation.

The total cost associated with the slide is estimated at $15 million. Full absorption of these costs appears unlikely, and we are anticipating an operating deficit of around $6 million.

On the revenue side, tolls so far this year have been above expectations, and in fact, have been at record levels. This is due to an increase in car carrier and container traffic. In the remaining months of the year, we expect these high levels to decline somewhat, and that tolls for the year will be essentially as budgeted.

FISCAL YEAR 1988 PROGRAM

For 1988 we are projecting a minimal increase in traffic over that forecast for the current fiscal year. It is anticipated that the Commission will have a breakeven operation in 1988, and that all operating and capital requirements will be covered by Commission-generated receipts.

APPROPRIATION REQUEST

Unless legislation is enacted before October 1, 1987, converting the agency to a revolving fund, the Commission will require appropriations from which to operate. Specifically, the Commission would need a 1988 appropriation of $467.1 million. This includes $430.1 million for operations, and $37 million for capital equipment and construction, to remain available until expended.

OPERATING EXPENSES

Major cost components of the $430.1 million needed for fiscal year 1988 include $211.1 million for personnel compensation; $79.6 million for treaty payments to Panama; and $53.6 million for supplies and materials.

The increase in 1988 over 1987 reflects principally the effects of cost escalations on our operations.

CAPITAL PROGRAM

Now turning to the capital program for 1988, the Commission projects a requirement for $37 million. Major items in the 1988 program include the replacement of a tugboat; replacement of two diesel cranes for the locks; installation of locomotive turntables at the locks; and other capacity and safety-related projects. Also included in the 1988 program are projects that have been deferred in recent years due to funding reductions.

1987 SUPPLEMENTAL

Mr. Gianelli has already mentioned the Commission's supplemental request of $8 million. He addressed the major portion of the request, some $6 million, which is required to cover the cost of removing a landslide at the canal. The second item included in the request is $2 million which will allow the Commission to pay the Government of Panama the obligations arising from the 1986 operations which I referred to earlier. While the payment amount is subject to change inasmuch as the General Accounting Office has yet to complete its financial audit, we do not expect the amount to change significantly. Resources are available in the Panama Canal Commission fund to cover these two supplemental requirements.

CONCLUSION

The Panama Canal Commission is committed to providing reliable, efficient service to world shipping.

Mr. Chairman and members of the committee, that concludes a summary of my prepared remarks.

Before closing, I would extend to each of you an invitation to visit us in Panama at your earliest opportunity. We're proud of the operation, and believe that periodic visits by committee members would be helpful to you in understanding canal operations.

Thank you very much.

PREPARED STATEMENT

Senator LAUTENBERG. Thank you very much, Mr. McAuliffe. Your complete statement will be placed in the record.

I would like just for a moment to adjourn the hearing for about 2 minutes. Then we'll come back and talk over some of the testimony.

[A brief recess was taken.]

[The statement follows:]

STATEMENT OF DENNIS P. MCAULIFFE

INTRODUCTION

MR. CHAIRMAN, MEMBERS OF THE SUBCOMMITTEE, I AM DENNIS PHILIP MCAULIFFE, ADMINISTRATOR OF THE PANAMA CANAL COMMISSION. I AM PLEASED TO APPEAR BEFORE YOU TODAY WITH THE HONORABLE WILLIAM R. GIANELLI TO REQUEST APPROPRIATION FOR THE FISCAL YEAR 1988 BUDGET PROGRAMS OF THE PANAMA CANAL COMMISSION, THE AGENCY RESPONSIBLE FOR THE OPERATION OF THE PANAMA CANAL.

I JOIN WITH MR. GIANELLI IN EXPRESSING APPRECIATION FOR THE ASSISTANCE RECEIVED FROM THIS COMMITTEE OVER THE YEARS AND IN CONGRATULATING THE CHAIRMAN ON HIS ELECTION TO HEAD THIS IMPORTANT SUBCOMMITTEE.

GENERAL OVERVIEW

DESPITE A SERIOUS LANDSLIDE WHICH NEARLY CLOSED THE WATERWAY AT THE BEGINNING OF THE YEAR, THE PANAMA CANAL IS, TODAY, IN EXCELLENT OPERATIONAL CONDITION. MUCH OF THE SUCCESS OF THIS OPERATION IS LARGELY A RESULT OF THE PERSONAL AND PROFESSIONAL COMMITMENT OF OUR WORKFORCE TO ENSURING THE MOST EFFICIENT AND EFFECTIVE OPERATION POSSIBLE. THIS COMMITMENT, I BELIEVE, WAS DEMONSTRATED NOT ONLY IN THE EFFORTS TO CLEAN UP THE RECENT LANDSLIDE AND RETURN THE CANAL TO NORMAL CONDITIONS IN RECORD TIME, BUT ALSO IN THE EFFORTS TO MINIMIZE THE IMPACT OF THE SLIDE ON OUR CUSTOMERS. IN FACT, NEAR RECORD LEVELS OF TOLLS WERE REALIZED DURING THE PERIOD DESPITE THE HANDICAP OF THE RESTRICTED CANAL CHANNEL. AS A RESULT OF THIS DEDICATION AND COMPETENCE OF THE WORKFORCE, I AM QUITE OPTIMISTIC REGARDING THE CANAL OPERATION FOR THE FUTURE.

CONVERSION TO REVOLVING FUND

I, TOO, JOIN WITH MR. GIANELLI IN ENCOURAGING YOUR SUPPORT IN CHANGING THE PANAMA CANAL COMMISSION FROM AN APPROPRIATED-FUND AGENCY TO A REVOLVING-FUND AGENCY.

WHILE THE COMMISSION IS, BY LAW, AN APPROPRIATED-FUND AGENCY, IN FACT IT HAS, SINCE ITS INCEPTION, OPERATED AS A SELF-SUSTAINING, REVOLVING-FUND TYPE OF ENTITY. THIS IS SO BECAUSE CANAL RECEIPTS ARE DEPOSITED TO A SPECIAL TREASURY ACCOUNT FROM WHICH APPROPRIATIONS TO THE COMMISSION ARE DERIVED. CONSEQUENTLY, IN ADDITION TO APPROPRIATION LIMITS IT IS THE LEVEL OF CANAL EARNINGS THAT HOLDS IN CHECK COMMISSION SPENDING. FOR THIS REASON, CONVERSION OF THE COMMISSION TO A REVOLVING-FUND AGENCY IN REALITY WOULD NOT REPRESENT ANY MAJOR CHANGE WITH RESPECT TO ITS FINANCIAL OPERATIONS.

WITH THE ENACTMENT OF GOVERNMENT-WIDE ACROSS-THE-BOARD DEFICIT REDUCTIONS, AND THE RECOGNIZED INAPPROPRIATENESS OF THEIR APPLICATION TO THE PANAMA CANAL, TOGETHER WITH THE GROWING DIFFICULTIES IN THE ANNUAL APPROPRIATIONS PROCESS TO EQUITABLY DISTRIBUTE SCARCE TAX DOLLARS, THIS PROPOSED LEGISLATION COULD NOT HAVE COME FORTH AT A MORE OPPORTUNE TIME. ADOPTION OF THE BILL WOULD SOLVE THE ANNUAL PROBLEM OF THE COMMISSION, WHICH HAS FOUND ITSELF HAVING TO DEFEND AND MODIFY ITS BUDGET AS IF IT WERE COMPETING FOR FUNDS SHARED BY OTHER FEDERAL AGENCIES--WHICH IN REALITY IT DOES NOT. THE LEGISLATION IN NO WAY NULLIFIES OR OTHERWISE DISTURBS THE LEGAL MANDATE THAT THE CANAL BE OPERATED ON A SELF-SUSTAINING BASIS AT NO COST TO THE U.S. TAXPAYER. REVENUES WILL CONTINUE TO BE THE SOURCE OF FUNDING FOR ALL CANAL PROGRAMS.

I WOULD LIKE TO TURN NOW TO SEVERAL OTHER MATTERS OF IMPORTANCE TO THIS COMMITTEE AND THE COMMISSION STARTING WITH A BRIEF REPORT ON THE OPERATING RESULTS FOR FY 1986 AND THE OUTLOOK FOR 1987 AND 1988.

FY 1986 FINANCIAL RESULTS

FISCAL YEAR 1986 RECORDED ESSENTIALLY A BREAKEVEN OPERATION WITH REVENUES OF $424.3 MILLION EXCEEDING EXPENSES BY ONLY $2.0 MILLION. THIS MODEST PROFIT WILL BE PAYABLE TO PANAMA UNDER TREATY PROVISIONS AND FUNDS FOR THIS PAYMENT ARE INCLUDED IN OUR BUDGET SUBMISSION AS A 1987 SUPPLEMENTAL REQUEST.

FISCAL YEAR 1986 WAS AN UNUSUAL ONE FINANCIALLY FOR THE COMMISSION AS A RESULT OF TWO PRINCIPAL CIRCUMSTANCES. FIRST, TRANSIT WORKLOAD FOR THE YEAR

WAS SUBSTANTIALLY ABOVE THAT PROJECTED IN THE BUDGET, WITH TRAFFIC PRODUCING REVENUES OF $322.7 MILLION, AS COMPARED TO $311.0 MILLION PROJECTED FOR THE YEAR. SECONDLY, THE COMMISSION, PARADOXICALLY, WHILE EXPERIENCING THIS SURGE IN CANAL TONNAGE, WAS REQUIRED TO EXERCISE FUNDING RESTRAINTS DUE TO THE GRAMM-RUDMAN-HOLLINGS BUDGET DEFICIT REDUCTION ACT.

THE COMMISSION IS VERY APPRECIATIVE OF THE CONGRESSIONAL RELIEF FROM THE GRAMM-RUDMAN-HOLLINGS ACT WHICH CAME IN THE LAST QUARTER OF THE FISCAL YEAR. THE RESOURCES PROVIDED BY THAT ACTION ALLOWED THE COMMISSION TO PURSUE MOST OF ITS APPROVED BUDGETED PROGRAM AND TO ACCOMPLISH PROJECTS AND PROCUREMENTS THAT HAD BEEN DEFERRED EARLIER. THE CONSEQUENCES OF NOT RECEIVING THE RELIEF WOULD HAVE BEEN QUITE DETRIMENTAL TO THE CANAL WITHOUT ANY APPARENT BENEFIT TO THE U.S. GOVERNMENT. SO, DESPITE THIS SEEMINGLY-AT-ODDS SITUATION, THE CANAL WAS ABLE TO MEET ITS RESPONSIBILITIES TO WORLD SHIPPING AND SUCCESSFULLY TRANSITED THE THIRD HIGHEST LEVEL OF TONNAGE IN THE HISTORY OF THE CANAL, PRODUCING THE SECOND HIGHEST TOLLS YEAR.

OUTLOOK FOR 1987

AS MR. GIANELLI HAS ALREADY MENTIONED, WE HAD BARELY BEGUN FISCAL YEAR 1987 WHEN THE CANAL WAS CONFRONTED WITH A MAJOR LANDSLIDE IN GAILLARD CUT. APPROXIMATELY ONE HALF MILLION CUBIC YARDS OF DEBRIS WERE DUMPED INTO THE CANAL BY THE SLIDE. REMOVAL OF THE SLIDE WAS BEGUN IMMEDIATELY, AS WAS CORRECTIVE ACTION TO STABILIZE THE ADJOINING SLOPES TO MINIMIZE ADDITIONAL MOVEMENT. SPECIAL PILOTS WERE ASSIGNED TO TRANSIT VESSELS THROUGH THE RESTRICTED CHANNEL AT THE SLIDE AND ADDITIONAL TUG ASSISTANCE WAS PROVIDED AT NO CHARGE TO VESSELS.

WITH THE ASSISTANCE OF COMMERCIAL DREDGE SERVICES, BY DECEMBER 23RD WE HAD RESTORED PRE-SLIDE CONDITIONS IN THE NAVIGATION CHANNEL AND NORMAL CANAL OPERATIONS WERE IN EFFECT. I AM PLEASED TO NOTE THAT MANY CONGRATULATORY MESSAGES WERE RECEIVED FROM CANAL CUSTOMERS AROUND THE WORLD COMPLIMENTING THE COMMISSION FOR ITS QUICK RESPONSE AND EFFECTIVE HANDLING OF THE SITUATION. THIS FEAT COULD NOT HAVE BEEN ACHIEVED WITHOUT THE OUTSTANDING EFFORT AND

DEDICATION OF OUR ENGINEERING, DREDGING, MARINE, AND OTHER PERSONNEL. WE HAVE PRESENTED SPECIAL AWARDS TO THE MANY EMPLOYEES WHO CONTRIBUTED TO THAT EFFORT.

THE TOTAL COST ASSOCIATED WITH THE SLIDE IS ESTIMATED AT $15 MILLION. FULL ABSORPTION OF THESE COSTS APPEARS UNLIKELY AND WE ARE ANTICIPATING AN OPERATING DEFICIT OF AROUND $6 MILLION. AS MR. GIANELLI HAS POINTED OUT ANY LOSS WILL BE CARRIED FORWARD FOR RECOVERY IN FUTURE PERIODS AS PROVIDED IN THE PANAMA CANAL ACT (P.L. 96-70).

ON THE REVENUE SIDE, TOLLS SO FAR THIS YEAR, IN SPITE OF THE TEMPORARY RESTRICTIONS CAUSED BY THE SLIDE, HAVE BEEN ABOVE EXPECTATIONS AND IN FACT HAVE BEEN AT RECORD LEVELS. THIS IS DUE TO AN INCREASE IN CAR CARRIER AND CONTAINER TRAFFIC. IN THE REMAINING MONTHS OF THE YEAR WE EXPECT THESE HIGH LEVELS TO DECLINE SOMEWHAT AND THAT TOLLS FOR THE YEAR WILL BE ESSENTIALLY AS BUDGETED.

FY 1988 OPERATIONS

FOR 1988 WE ARE PROJECTING A MINIMAL INCREASE IN TRAFFIC OVER THAT FORECAST FOR THE CURRENT FISCAL YEAR--ABOUT A 1% INCREASE IN TRAFFIC AND A 1.8% INCREASE IN TOLLS REVENUE. THE SOMEWHAT LARGER RATE OF INCREASE IN TOLLS REVENUE INDICATES, AS HAS BEEN THE CASE IN RECENT PAST YEARS, THE CONTINUATION OF THE TREND OF LARGER VESSELS USING THE CANAL.

IT IS ANTICIPATED THAT THE COMMISSION WILL HAVE A BREAKEVEN OPERATION IN 1988 AND THAT ALL OPERATING AND CAPITAL REQUIREMENTS WILL BE COVERED BY COMMISSION GENERATED RECEIPTS. WE ARE PLEASED THAT THIS BREAKEVEN OPERATION IS ACHIEVABLE WITHOUT THE NEED TO INCREASE TOLL RATES. I MIGHT ADD THAT THE LAST TIME THE COMMISSION HAD A TOLL INCREASE WAS IN 1983, WHICH AMOUNTED TO LESS THAN TEN PERCENT.

APPROPRIATION REQUEST

UNLESS LEGISLATION IS ENACTED BEFORE OCTOBER 1, 1987 CONVERTING THE AGENCY TO A REVOLVING FUND, THE COMMISSION WILL REQUIRE APPROPRIATIONS FROM WHICH TO

OPERATE. SPECIFICALLY, THE COMMISSION WOULD NEED A 1988 APPROPRIATION OF $467.1 MILLION. THIS INCLUDES $430.1 MILLION FOR OPERATIONS AND $37.0 MILLION FOR CAPITAL EQUIPMENT AND CONSTRUCTION, TO REMAIN AVAILABLE UNTIL EXPENDED.

OPERATING EXPENSES

THE MAJOR COST COMPONENTS OF THE $430.1 MILLION NEEDED FOR FISCAL YEAR 1988 INCLUDE $211.1 MILLION FOR PERSONNEL COMPENSATION, $79.6 MILLION FOR TREATY PAYMENTS TO PANAMA, AND $53.6 MILLION FOR SUPPLIES AND MATERIALS.

THE $430.1 MILLION FOR 1988 REPRESENTS AN INCREASE OF ABOUT 5 PERCENT OVER THE AMOUNT APPROPRIATED FOR OPERATIONS IN 1987. MOST OF THIS INCREASE REFLECTS THE EFFECTS OF COST ESCALATIONS ON OUR OPERATIONS. AS A FINAL COMMENT ON THE OPERATING PROGRAM FOR 1988, THE AMOUNTS REQUESTED WILL ALLOW THE COMMISSION TO CONTINUE ITS HIGH LEVEL OF MAINTENANCE WORK AND AGGRESSIVELY PURSUE ESSENTIAL TRAINING AND SAFETY PROGRAMS.

CAPITAL

NOW TURNING TO THE CAPITAL PROGRAM FOR 1988, THE COMMISSION PROJECTS A REQUIREMENT FOR $37.0 MILLION. AS IN PAST YEARS, THE MAJOR PORTION OF THE PROGRAM IS DEVOTED TO ESSENTIAL TRANSIT FACILITIES AND EQUIPMENT. MAJOR ITEMS IN THE 1988 PROGRAM INCLUDE THE REPLACEMENT OF A TUGBOAT ($3.8 MILLION), REPLACEMENT OF TWO DIESEL CRANES FOR THE LOCKS ($1.5 MILLION), INSTALLATION OF LOCOMOTIVE TURNTABLES AT THE LOCKS ($1.8 MILLION), REPLACEMENT OF TRANSFORMERS CONTAINING PCB AT THE LOCKS ($1.2 MILLION), CONTINUING THE INSTALLATION OF FIRE PROTECTION SYSTEM AT THE LOCKS ($3.4 MILLION), AND OTHER CAPACITY AND SAFETY RELATED PROJECTS. ALSO INCLUDED IN THE 1988 PROGRAM ARE PROJECTS THAT HAVE BEEN DEFERRED IN RECENT YEARS DUE TO FUNDING REDUCTIONS. THESE PROJECTS, IN CONJUNCTION WITH SOME ADDITIONAL CAPITAL REQUIREMENTS, CONTRIBUTE TO THE HIGHER CAPITAL PROGRAM LEVEL FOR THE COMMISSION IN 1988.

FY 1987 SUPPLEMENTAL REQUESTS

MR. GIANELLI HAS ALREADY MENTIONED THE COMMISSION'S SUPPLEMENTAL REQUEST OF $8.0 MILLION. HE ADDRESSED THE MAJOR PORTION OF THIS REQUEST, SOME $6.0 MILLION, WHICH IS REQUIRED TO COVER THE COST OF REMOVING A LANDSLIDE AT THE CANAL. THE SECOND ITEM INCLUDED IN THE REQUEST IS $2.0 MILLION WHICH WILL ALLOW THE COMMISSION TO PAY THE GOVERNMENT OF PANAMA THE OBLIGATIONS ARISING FROM THE 1986 OPERATIONS WHICH I REFERRED TO EARLIER. THIS AMOUNT IS DUE THE REPUBLIC OF PANAMA PURSUANT TO PARAGRAPH 4(C) ARTICLE XIII OF THE PANAMA CANAL TREATY OF 1977. WHILE THE PAYMENT AMOUNT IS SUBJECT TO CHANGE, INASMUCH AS THE GENERAL ACCOUNTING OFFICE HAS YET TO COMPLETE ITS FINANCIAL AUDIT, WE DO NOT EXPECT THE AMOUNT TO CHANGE SIGNIFICANTLY. RESOURCES ARE AVAILABLE IN THE PANAMA CANAL COMMISSION FUND TO COVER THESE TWO SUPPLEMENTAL REQUIREMENTS.

CONCLUSION

THE PANAMA CANAL COMMISSION IS COMMITTED TO PROVIDING RELIABLE, EFFICIENT SERVICE TO WORLD SHIPPING. OPERATIONALLY, THE COMMISSION FUNCTIONS AS A COMMERCIAL ENTERPRISE THAT PROVIDES SERVICE TO THE MARITIME INDUSTRY IN AN INCREASINGLY COMPETITIVE ENVIRONMENT. ACCORDINGLY, WE MUST CONTINUALLY STRIVE TO BALANCE OUR PROGRAM EXPENDITURES WITH REVENUES RECEIVED, WHILE AT THE SAME TIME PROVIDING EFFICIENT AND SAFE TRANSIT SERVICE AT COSTS COMPETITIVE WITH OTHER ALTERNATIVES TO THE CANAL. THE OPERATING AND CAPITAL PROGRAMS PROPOSED FOR FISCAL YEAR 1988 WILL ENABLE US TO CONTINUE TO ACCOMPLISH THIS. DETAILED DESCRIPTIONS OF THE OPERATING AND CAPITAL PROGRAMS FOR THE COMMISSION FOR FISCAL YEAR 1988 ARE INCLUDED IN THE JUSTIFICATION BOOKLET PREVIOUSLY FURNISHED THE COMMITTEE.

BEFORE CLOSING, I WOULD EXTEND TO EACH OF YOU AN INVITATION TO VISIT US IN PANAMA AT YOUR EARLIEST OPPORTUNITY. WE ARE PROUD OF THE OPERATION AND BELIEVE PERIODIC VISITS BY COMMITTEE MEMBERS WOULD BE HELPFUL TO YOU IN UNDERSTANDING CANAL OPERATIONS.

Senator LAUTENBERG. The subcommittee is back in session. I'm sorry that we were called out for a moment.

You're requesting a supplemental of something over $8 million this fiscal year, as I understand it; $6 million to cover part of the cost of the slide removal in the Gaillard Cut; and $2 million for a contingency payment to Panama.

As you may be aware, nondefense discretionary spending already exceeds the fiscal year 1987 budget allocation. And any increases provided at this point have to be offset by a reduction somewhere else to avoid a point of order.

Now, I've got to ask the question: How urgent is the need for the additional $8-plus million? What would be the consequences if Congress denies this request?

Mr. GIANELLI. Well, let me respond and then Mr. McAuliffe and Mr. Rhode will add to it.

I think it's very important that we have that supplemental request, Senator. We have the funds for it; they've been accumulated.

The treaty provides that if there are any surplus revenues in any year of operation, those revenues accrue as profit payments to the Government of Panama.

So in fact, under the treaty, we owe the Government of Panama approximately $2 million from the profit generated in fiscal year 1986. The exact amount is subject to an audit by the General Accounting Office, but that figure is probably pretty close.

Senator LAUTENBERG. That's essentially a part of the profit? That's a profit payment?

Mr. GIANELLI. That's correct, and that varies from year to year. It can be zero, or it can be more.

At any rate, that's what it was in fiscal year 1986. So we actually owe the Government of Panama $2 million. You can't budget for that in advance, because you don't know what that figure is going to be until the year is over.

Now referring to the $6 million, this is one of the reasons, Senator, why I think we need to go to a revolving-fund concept, so that the agency has flexibility to meet unexpected expenses that may come up during the year.

What happened during this fiscal year that was unexpected was the major slide in the Gaillard Cut area of the canal. The total cost of removing that slide was approximately $15 million.

The $6 million additional appropriation we're asking for in the supplemental is part of the money which we need to pay the cost of removing that slide. So it's very, very important to us in terms of being able to meet our obligations that have come up as a result of, you might say, a natural disaster that we have had as a result of the slide in the canal area. We have the money. We need authority to spend it.

Senator LAUTENBERG. Have you obligated any funds to repair the——

Mr. GIANELLI. Yes.

Senator LAUTENBERG. You've already obligated funds?

Mr. GIANELLI. Yes; what happened, Senator, was that when the slide occurred, for example, we didn't have adequate equipment on hand to remove the slide debris so that the traffic could continue through the canal on an uninterrupted basis.

So we had to, on an emergency basis, engage the service of commercial dredges located in Florida. And they had to come down and assist us to remove the slide debris so that the traffic could flow unimpeded.

So we did spend—we did obligate——

Senator LAUTENBERG. How much was that?

Mr. MCAULIFFE. The dredging contract, as I recall, was between $4 and $5 million. We have additionally initiated a contract for earth removal on the embankment in the slide area, and that contract is between $1 and $2 million.

But beyond that, we have expended considerable funds within the Commission itself in the hiring of temporary personnel, in overtime pay, and in other payments, all of this to keep the Canal open and to remove the slide.

So that of our total requirement, approximately $15 million, I would estimate that we have already spent or obligated very close to $10 million.

We actually are planning to absorb and believe we can accommodate approximately $9 million of that, but we need the spending authority implicit in a supplemental appropriation to be able to cover the balance.

And as Mr. Gianelli indicated, the actual funds for this work are in the Panama Canal Commission fund at the present time.

Senator LAUTENBERG. I'm not sure I understand why, if you're going to be able to cover it out of other revenues, you need a supplemental. The canal is functioning now. You've spent you say somewhere, to be sure that I understood all the things you said, $6 million thus far?

Mr. MCAULIFFE. We've spent probably close to $10 million thus far.

Senator LAUTENBERG. $10 million? And how did you handle that?

Mr. GIANELLI. Senator, I think what you're getting to is the difficulty that our agency has operating under two criteria.

First of all, as an appropriated-fund agency, the Congress has to authorize and appropriate to us certain money each year. All right, that's one part of our problem.

The other part is that we're also required to operate within the funds that we receive from tolls from ships transiting the canal.

So we have two limitations on us. We have a limitation on what we can spend by what the Congress authorizes under the appropriations acts. Then we have another limit on what we can spend on the basis of what we take in in terms of income.

So what we're proposing this year is that the agency become a revolving-fund agency so that we won't get caught up in this catch-22 situation.

And it is unfortunate. We do have the money. It's not going to be a lien on the taxpayer of the United States at all. But we do need approval from Congress to exceed the limit which you gave us at the beginning of the year because of these unforeseen circumstances.

REVOLVING FUND

Senator LAUTENBERG. One of the concerns that we have about revolving funds is to make certain that we're able to maintain our involvement, the involvement of the Congress, at the same level.

And I think it would be an excellent idea to try to remove it from the appropriations process if we could. On the other hand, there is the problem I've just indicated to you.

We'll submit some more questions to you on this issue.

You intend to keep defending your programs and budget before this subcommittee as you have in the past, Mr. Gianelli?

Mr. GIANELLI. Yes; let me comment on this, Mr. Chairman. It came up also in the hearings we had Tuesday before the House Appropriations Subcommittee, and also yesterday in our House oversight committee.

We appreciate and respect the desire of the Congress to remain involved in our process. We would welcome any oversight authority or provide any presentations you'd want to have us make to you, so that we receive any directions you may want to give us regarding the expenditures we propose.

The big issue is to get out from underneath the double limitation of being an appropriated-fund agency on the one hand, and, on the other, having to live within our income.

As I indicated in our statement, we have submitted legislation to make us a revolving-fund agency. As you and your staff look at that legislation, we would welcome a dialog to make certain that the Congress is still involved with our program.

But we do, again, respectfully request that we be removed from this problem that we're having because we're an appropriated-fund agency and still have to operate within our income that we get from tolls.

GRANTS TO ORGANIZATIONS

Senator LAUTENBERG. Mr. Gianelli, the $4.9 million request for the Office of Administrator and staff again includes, and I quote here, "a modest contingency for grants organizations."

Last year you indicated this amount to be $25,000. Three recipients through January 1986, were the Brazos Brook Country Club, $3,000; the Gamboa Country Club, $5,000; the softball league, $2,000.

Why are we giving those grants?

Mr. GIANELLI. Could I have Mr. McAuliffe respond to that, please, Mr. Chairman?

Senator LAUTENBERG. Sure.

Mr. MCAULIFFE. All of those organizations, they're all nonprofit organizations, exist almost completely for the benefit of our Panama Canal Commission employees and their families.

In the days before the treaty, when most of those organizations were established, there was substantial help, financial and otherwise, granted to them by the previous Panama Canal Company. The treaty changed ground rules under which they operated. For example, they now must make purchases from higher cost outlets in Panama since the retail facilities operated by the canal operation ceased to exist on October 1, 1979.

This mechanism of a special contingency account simply permits us, the Panama Canal Commission, to take care of the more urgent or pressing financial needs of these organizations, needs that cannot be met through collections of the membership. In effect, it serves to offset some added costs these organizations now have as a result of the treaty.

If these various activities were to fold up and quit serving the public, it would be an adverse morale blow to our employees. The assistance is a proven factor in sustaining our employee morale.

Mr. GIANELLI. Mr. Chairman, let me add one point to Mr. McAuliffe's statement.

I certainly don't want the impression left that the Commission is paying dues to a country club for someone's membership.

Senator LAUTENBERG. Yes; I don't either.

Mr. GIANELLI. And that's not the case. It's my understanding, and Mr. McAuliffe can elaborate on this, that they have functions out there which benefit the members, both U.S. citizens and Panamanian citizen employees and their dependents. And that's why that's indicated as a payment as such.

But it's not for golf. And it's not for membership of the people in the country club.

Senator LAUTENBERG. Well, I hope it's not to provide for a reduction of dues for members. But it would certainly demoralize, to use——

Mr. GIANELLI. That's not the purpose, no.

Senator LAUTENBERG [continuing]. Mr. McAuliffe's expression, demoralize the taxpayers of this country, if they felt that they were helping to supply golf caddies or reduced membership dues.

Mr. MCAULIFFE. No; none of these funds go to help or support individuals. They go for justifiable projects in the institutions.

EXECUTIVE DIRECTION

Senator LAUTENBERG. Let me just ask you one more question. And that is, the Executive Director's budget request, $11,148,000, represents an increase of $1,135,000 over fiscal year 1986.

And it's my understanding that FTE is full-time equivalent employment. The number is the same, 242 FTE's for both years.

Could you briefly, General McAuliffe, explain that increase, please?

Mr. MCAULIFFE. There is involved, first of all, certain cost escalation.

Second, there is involved a fuller occupancy of positions, positions which through 1986, and going into 1987, we kept vacant because of the spending limitations of the Gramm-Rudman act.

I have had to add a position of an economist, a position that was previously authorized but unfilled; three positions for what we call career interns, and these are literally training positions for Panamanian professionals who can then in due course assume their full responsibilities within that office.

Senator LAUTENBERG. Are you saying that the full-time equivalents are different this year? I heard you talk about certain cost adjustments and then I heard you talk about other positions.

But the record shows 242 full-time positions, or equivalents, for each of the years; yet you are proposing a substantial increase in funding of roughly 10 percent at a very tough budgeting time.

There seems, Mr. McAuliffe, to be a disparity here. And I'm not sure——

Mr. MCAULIFFE. I would like to provide that more detailed information for the record, Mr. Chairman. I'm having difficulty finding precisely the spot here.

But in general, the intent is in accord with my previous comment.

[The information follows:]

In fiscal year 1986, the Executive Direction had an authorized FTE ceiling amounting to 242. Actual performance against the ceiling in 1986 was 234—an underperformance of 8 FTE. The estimated FTE in fiscal year 1987 of 242 anticipates a fuller occupancy of positions vacant part year in 1986 as a result of the funding constraints caused by the Gram-Rudman law.

SUBMITTED QUESTIONS

Senator LAUTENBERG. I'll tell you what, we'll keep the record open and invite a quick response if you can.

And thank you now for your testimony. There will be other questions that we will submit to each of you.

We have a very important responsibility, certainly a serious interest, in what takes place with respect to the canal.

We have other Senators who have requested, as well, the opportunity to submit questions for the record.

Mr. GIANELLI. We'll be pleased to respond, Senator.

Senator LAUTENBERG. Thank you very much.

[The following questions were not asked at the hearing but were submitted for response for the record:]

QUESTIONS SUBMITTED BY SENATOR LAUTENBERG

FISCAL YEAR 1987 SUPPLEMENTAL

SENATOR LAUTENBERG: Your justification indicates that you plan to recover the costs of the slide removal through a toll rate increase in fiscal year 1989. How large an increase do you project for this purpose?

ANSWER. Although the FY 1988 budget justification book indicates that Commission long-range projections for FY 1989 reflect a tolls increase related to the unabsorbed cost of the Gaillard Cut landslide, this is for preliminary planning purposes only. The Commission is hopeful that the unanticipated costs may be covered in 1987 or 1988. At this point in time, it is premature to address the need for, or extent of, any toll rate increase beyond 1988. The need for any increase in toll rates will be made when the Commission formulates its FY 1989 budget. In addition to slide related costs, there are many other factors that influence the break-even goal of the Commission. These include changes in revenue estimates and any revisions to the expected levels of Canal operating costs that must be funded from such revenues.

SENATOR LAUTENBERG: How sensitive is Canal traffic demand to a toll rate increase? Is the demand highly elastic?

ANSWER. The study of the sensitivity of Canal traffic to increases in transit costs has recently been completed. The study concluded that Canal traffic is sensitive to increases in transit costs and that sensitivity increases over time, reflecting greater cost competitiveness of diversion alternatives. Accordingly, there is a potential to increase Canal revenue by raising toll rates, but such an action could also cause a diversion of some Canal traffic to alternatives. For example, the study estimated that in FY 1995, a 25 percent increase in toll rates, with other transit costs remaining the same, would yield approximately $80 million in additional revenue while diverting approximately 12 million tons of cargo annually and 1.7 vessels daily from the Canal.

SENATOR LAUTENBERG: You have indicated that the total cost of removing the Gaillard Cut landslide is around $15 million. Your supplemental request is $6 million. How do you plan to absorb the remaining $9 million? What are the projects or activities that will be affected?

ANSWER. The Commission will be able to absorb about $9 million of the slide costs through savings in fuel costs due to lower than expected purchase prices of fuel oil, and by diverting resources from other Commission programs, primarily in the maintenance and procurement areas. Because of the extent of the additional funding requirement, the Commission has submitted a supplemental request which, if approved, will assist the Commission in restoring certain programs to their original funding levels.

CHANGE IN FINANCIAL STRUCTURE

SENATOR LAUTENBERG: You are proposing legislation to change the Commission's financial structure from a special fund to a revolving fund. Would you explain exactly what this change would entail? Why are you proposing this change? What advantages does a revolving fund offer? What problems do you have with your current special fund structure?

ANSWER: The Panama Canal Act of 1977 (P.L. 96-70) established the Commission as an appropriated fund agency operating from monies appropriated from the Panama Canal Commission Special Fund. Consequently, any change to this financial structure would require legislation amending P.L. 96-70 which would abolish the special fund and the need for appropriations, and in its place, establish a revolving fund from which all Commission expenditures would be financed.

Changing the Commission to a revolving fund would reflect the reality that the Canal operates entirely from user fees, exclusive of any taxpayer monies. That format also takes into account the need for business-type activities to adapt to or respond on short notice to changing conditions.

As an appropriated fund agency, the Commission is perceived by many as requiring U.S. taxpayer monies to finance its operations. This was demonstrated when across-the-board budget reductions, ordered by the Gramm-Rudman-Hollings Budget Deficit Reduction Act, were applied to the Commission. Subsequently, Congress recognized the inappropriateness of applying such reductions to the Canal, and exempted the Commission from coverage of the Act.

Operationally, other funding problems result from having to function under the appropriation system. These occur when unanticipated costs, which have not been provided for in appropriations, are imposed on the Commission, such as the need to increase expenditures in response to upsurges in transit workload, or when added costs are required in order to fund an unplanned event such as the Gaillard Cut landslide.

SENATOR LAUTENBERG: Last year, you proposed converting to general fund financing. Why have you decided against that approach this year? What is the status of your revolving fund bill? Do you expect it to be enacted this session?

ANSWER: At the time the Commission's FY 1987 budget request was before the Congress, there was considerable controversy over the Canal retaining in its special fund the $85 million of the FY 1980 general fund appropriation, and the interest collected on the investment of the United States in the Canal. Converting the source of Commission funding to the General Fund, although not changing the mandate that the Canal be self-sufficient, would have ended that controversy by transferring those balances to the General Fund. Furthermore, it would have solved the cash-flow problems the Commission experiences at the beginning of each fiscal year. Converting the Commission to a revolving fund was an alternative approach, but such a move at the time was considered to have little likelihood for passage.

Legislation proposing the conversion of the Commission to a revolving fund has been approved by the Administration, but has not yet been introduced in the House or Senate. It is conceivable that acceptable language will be worked out between the Administration and the Congress; and accordingly, the Commission is hopeful that it will be acted upon in this session of Congress.

The Commission's FY 1988 budget request envisions the Canal operating under the revolving fund format beginning on October 1, 1987. In order for that to occur, legislation would have to be enacted in the current session of Congress.

SENATOR LAUTENBERG: If the revolving fund legislation is enacted, what role would the Congress and this committee have in reviewing your budget and exercising our oversight responsibilities?

ANSWER. If the revolving fund legislation is enacted, the Commission would not need to request an appropriation or an authorization. The Commission, however, would continue to prepare and submit an operational and capital budget to the U.S. Congress for its annual review.

The Congress and this Committee will have adequate opportunity to review the overall program requirements of the Commission and express its views during the annual review process. These important areas under review would include, but not necessarily be limited to: (1) assuring that the Commission's programs are in conformance with the overall objectives of the United States and the mission of the Panama Canal; (2) adequacy of toll rates and their competitiveness with alternatives to the Canal; (3) the status of the Commission's capital program, and (4) the progress of training Panamanians in the operation and management of the waterway in preparation for the turnover of the Canal to Panama in the year 2000. The Commission would obviously be sensitive to all recommendations and directives received from the various Committees of the U.S. Congress.

SENATOR LAUTENBERG: Do you plan to continue defending your budget and programs before this subcommittee?

ANSWER. Yes. Although, under the revolving fund format, appropriations are not required and, consequently, their associated authorizations, the Commission would continue to submit its operational and capital budgets annually to the Congress for their review. In line with that, the oversight responsibilities of this subcommittee would continue to be an important aspect of the annual budget process.

ADMINISTRATIVE AND GENERAL EXPENSES

SENATOR LAUTENBERG: The $4.9 million requested for the Office of the Administrator and staff again includes "a modest contingency for . . . grants to . . . organizations . . . . " Last year, you indicated that this amounted to $25,000 and that the three recipients through January 1986 were: Brazos Brook

Country Club ($3,000); Gamboa Country Club ($5,000); and Industrial Softball League ($2,000). How are grant awards determined?

ANSWER. The grants and services given to employee community organizations and recreational activities are based on the demonstrated need and benefits which will ensue in terms of the quality of life and morale of Commission employees and dependents. It is especially important that the Commission make every effort to demonstrate its concern over the impact that the Treaty changes had on community life. The financial assistance available through the contingency fund is a proven factor in sustaining morale, and serves to offset the added treaty derived costs that these organizations now have. They must now make purchases from higher cost outlets in Panama since the Canal retail activities ceased upon the effective treaty date. A request for assistance is made in writing, reviewed by the Commission's Morale, Welfare and Recreation Board and a recommendation is submitted to the Administrator who approves each award.

SENATOR LAUTENBERG: Please provide a list of all grants awarded, a brief explanation of the reason for the award, and the name and address of the recipient organizations for the last three years.

ANSWER. Assistance is provided in the way of cash grants to employee and community organizations that allow for such expenditures as: improvements to sanitary facilities; renovations and improvements to facilities; repairs to dock/marina facilities and other facilities; purchase and replacement of equipment. The following tabulation identifies amounts spent in fiscal years 1984, 1985, and 1986:

	FY 1984	FY 1985	FY 1986
American Pacific Sportsmen's Assoc.	-	$ 1,500	$ 3,000
Balboa Gun Club	-	-	4,300
Brazos Brook Country Club	2,000	3,000	3,000
Gamboa Country Club	-	-	5,000
Gatun Residents' Advisory Comm.	-	1,000	-
Gatun Saddle Club	3,360	-	-
Gatun Yacht Club	2,138	6,000	-
ICAA (Gamboa Community Building)	3,350	3,000	-
Industrial Softball League-Pac	1,600	1,600	2,000
Industrial Softball League-Atl	-	472	-
Jr. Football League (Balboa Rams)	1,500	1,528	3,000
Pacific Teenage Baseball League	1,500	1,500	-
Panama Canal Tarpon Club	6,000	-	-
PCC Amateur Radio Association	-	-	1,200
PCC Employee Running Club	-	1,000	-
Rodman Gun Club	3,350	-	-
The Theater Guild, Inc	-	4,000	3,500
193rd Inf. Brigade (entry fees)	200	400	-
TOTAL	$ 24,998	$ 25,000	$ 25,000

SENATOR LAUTENBERG: Your estimate for Executive Direction is $11,148,000. This is an increase of $1,135,000 over the fiscal year 1986 amount. Yet you show the same full time equivalent employment (FTE'S), 242, for both years. What explains the $1.1 million difference? For the record, provide a more detailed estimate.

ANSWER. The variation in Executive Direction of $1.1 million from FY 1986 to FY 1988 is due principally to cost escalation; fuller occupancy of positions in FY 1987 (actual FTE in 1986 was 234 compared to the authorized FTE ceiling for this activity of 242); additional supplies and materials, and additional consultant requirements.

SENATOR LAUTENBERG: The largest single increase from fiscal year 1986 to fiscal year 1988 within this account is in the Office of the Administrator and staff. The request for fiscal year 1988 is $4.9 million, up from $3.99 million in fiscal year 1986 and $4.7 million in fiscal year 1987. What accounts for these increases?

ANSWER. The increases are principally related to cost escalation, the filling of authorized positions vacant part year in 1986, and additional requirements for supplies and materials. The cost increase in 1987 over 1986 reflects the attempt to return this activity to more normal operating conditions following the restrained spending patterns resulting from the application in 1986 of Gramm-Rudman reductions.

SENATOR LAUTENBERG: Please provide a schedule of positions and compensation for the offices subsumed by Executive Direction for fiscal year 1986 through fiscal year 1988.

ANSWER. The following schedule shows the authorized positions and compensation for offices under the Executive Direction function for fiscal year 1986 through 1988.

	Authorized 1986 Actual		1987 Estimate		1988 Estimate	
	(In thousands of dollars)					
	FTP Pos.	Comp.	FTP Pos.	Comp.	FTP Pos.	Comp.
Office of the Administrator and Staff	95	$3752	98	$4289	99	$4542
Administrative Services	80	2053	76	2220	73	2264
Office of Public Affairs	36	1033	35	1096	35	1155
Guide Service	6	170	6	176	6	182
Offices of the Commission Secretary	6	203	8	301	10	391
Totals	223	$7211	223	$8082	223	$8534

SENATOR LAUTENBERG: You estimate your administrative and general expenses for fiscal year 1988 at $88,574,000. This is an increase of $9.9 million or 13% over the current year and 15.8 or 22% over the fiscal year 1986 level. What accounts for this increase?

ANSWER. The increase in this area is principally related to an increase in interest expense associated with the higher investment base caused by the appropriation and transfer of accumulated interest collections to the General Fund of the U.S. Treasury; effects of inflation on Commission administrative costs; some fuller occupancy of positions over the actual employment level in 1986 (authorized ceiling was 772, actual employments were 759); and the overall higher costs related to the return to normal operating conditions following the application of spending restraints in 1986 due to Gramm-Rudman.

PANAMA-COMMISSION RELATIONS

SENATOR LAUTENBERG: What is your assessment of the current political situation in Panama?

ANSWER. The political situation in Panama is highly unpredictable and is characterized by a weak executive branch, a strong military and a divided political opposition. Nevertheless, the President is exhorting initiative on needed legislation. The poor economic situation adversely affects political, social and commercial life in the country.

SENATOR LAUTENBERG: Is the prospect for greater political stability with Panama improving or deteriorating?

ANSWER. The Commission will have to defer to the Department of State concerning the full particulars of evaluating the degree of future political stability with the Republic of Panama.

SENATOR LAUTENBERG: How would you characterize the Commission's relations with the Government of Panama? Are there any major strains?

ANSWER. The working relationship between the Panama Canal Commission and the Government of Panama continues to be effective and generally positive. Occasionally, there are disagreements over the interpretation of certain provisions of the Panama Canal Treaty and its related agreements. In addition, the Government of Panama continues to find objection to various stipulations of the Panama Canal Act of 1979 (Public Law 96-70) and has publicly stated its intention to mount an international campaign with the intent of convincing the U.S. to make changes to the law. Many of the other operational differences that surface from time to time are worked out through the various binational bodies that were created by the treaty to serve as forums for the resolution of problems. The Canal organization continues to function well and the waterway is operating efficiently and safely.

No significant problems between the Commission and the Republic of Panama are anticipated for the coming year.

SENATOR LAUTENBERG: Your statements project a pretty upbeat outlook for Canal operations in the near future. Are you equally optimistic about the Canal's future after the year 2000? Why or why not?

ANSWER: In accordance with the Panama Canal Treaty, the Canal will be turned over to the Government of Panama on December 31, 1999 and, after that date, that country will be solely responsible for its operation and maintenance. In recognition of that event, the United States is committed to insuring that all Canal plant and equipment is in good operating condition when that turnover occurs, and additionally, is committed to insuring that there will be on board a Panamanian workforce trained in the skills of operating and maintaining the waterway.

In recognition of the fact that the Canal is one of Panama's greatest economic resources, now, and more so after the year 2000, it would be to Panama's benefit that the high standards of operation and maintenance, a trademark of the U.S. operated Panama Canal, are continued by that country. Panama is aware that there are other alternatives to the Panama Canal open to world shipping, and in order for the Canal to compete effectively, vessels must be transited efficiently and safely. Consequently, it would seem logical to assume that the Canal will continue to be operated after 1999 by Panama in the same manner as it was under the stewardship of the United States.

SENATOR LAUTENBERG: One concern expressed at last year's hearing was whether the Government of Panama would provide the "safeguards and protection" necessary for the retention of a trained and dedicated workforce after the year 2000. What is the Commission doing to address this issue?

ANSWER: The Government of Panama is aware of the need for a well-trained workforce to operate and maintain the Canal. In recognition of this need, Commission management in FY 1980 embarked on an aggressive training program aimed at insuring a skilled Panamanian workforce at all levels of operation and management. However, the question of the tenure of the Commission's Panamanian employees after 1999 is still a major question to those employees. The United States representatives on the Commission's Board continue to convey to their Panamanian counterparts the need for Panama to provide career assurances, similar to Civil Service employment protections offered by the United States. To date, there has been no formal program or legislation offered by the Government of Panama which directly addresses this issue.

CONSULTANTS AND ADVISORS

SENATOR LAUTENBERG: Last year, the Commission indicated that the Manalytic long range traffic forecast was completed in March 1985. This study was also to assess the tolls structure. Your FY 1988 budget nevertheless includes $600,000 for consultants and advisors, (an increase of $150,000). These funds, according to the justification, are in part to "provide expert advice and evaluation of a review of the tolls

system...(and) Canal traffic forecasts..." Are you hiring consultants to review the work of other consultants?

ANSWER. The Commission does not hire consultants for the purpose of reviewing other consultant's work. The description shown in the justification book is intended as a general category for the types of studies that may be required in the course of the ongoing in-house tolls and traffic review. The amounts included in the budget for consultants and advisors include certain known requirements and also provisionary amounts for unanticipated services that may arise due to emergencies or other unforeseen events.

SENATOR LAUTENBERG: Please provide for the record a list of all consultant contracts for the last three years. This should include a brief description of the project, study or service; total contract costs; type of contract award (i.e. sole source or competitive); and the name and address of the contractor/consultant.

ANSWER. The following table shows the consulting services contracts for the Panama Canal Commission for the last three years:

Project Description	Consultant Name/Address	Total Cost 1984-1986 (In thousands of dollars)	Type of Contract Award
Cost-of-living impact study on U.S. and Panamanian employees who lost certain privileges as a result of the Panama Canal Treaty of 1977	Associates for International Research, Inc. Cambridge, Mass.	79	Sole Source
Forecast of Panama Canal Traffic and tolls	Manalytics, Inc. San Francisco, CA.	99	Competitive
Sensitivity analysis of rate increases and benefits derived from the widening of the Gaillard Cut	Temple,Barker and Sloan, Inc. Boston, Mass.	85	Competitive
Mediation/Arbitration services in connection with renegotiation of pilots contract	Mr. Bruce A. Leinback Tallahassee, Fla.	30	Sole source
Assistance, recommendations, studies and reports in areas of accounting policies and tolls rates policies and revisions	Arthur Anderson & Co. Chicago, Ill.	507	Competitive

Project Description	Consultant Name/Address	Total Cost 1984-1986 (In thousands of dollars)	Type of Contract Award
Representation of the Panama Canal Commission on a Universal Measurement System before the international shipping community	Arthur Anderson Chicago, Ill.	10	Sole Source
Study of the financial alternatives for the widening of the Gaillard Cut	Bear, Stearns & Co., Inc. New York, NY	125	Competitive
Assistance in updating the Panama Canal Commission's housing rental rates based on a comparability with Mayaguez, Puerto Rico	Hector Maldonado Rio Piedras, Puerto Rico	3	Sole Source
Services to review and update the agency's acquisition procedures and regulations	Management Concepts, Inc., Vienna, Virginia	62	Competitive
Services of a hearing examiner in connection with labor relations cases	Mr M. Stanton Hunter San Diego, CA.	10	Competitive

U.S. INVESTMENT BASE/ACCRUED INTEREST

SENATOR LAUTENBERG: I understand that, as a result of a legal technicality, the Commission retains about $62 million interest on the U.S. investment in the Canal which accrued between October 1, 1979 and December 31, 1985. Interest accruing since the beginning of 1986 is now deposited in the General Fund. Under your revolving fund legislation, the $62 million would be transferred to the Treasury. Why haven't these funds already been transferred to the Treasury? Why won't you need the $62 million under the revolving fund? You would retain the $85 million from the original 1980 appropriation, however. Why?

ANSWER: In accordance with the Panama Canal Act of 1979 (P.L. 96-70), amounts collected from tolls attributable to interest between October 1, 1979 and December 31, 1985 were deposited in the Panama Canal Commission Special Fund. P.L. 99-195 amended P.L. 96-70, and in accordance with that amendment, the Commission has deposited interest collections, beginning on January 1, 1986, into the General Fund of the U.S. Treasury. P.L. 99-195, however, did not direct the Commission to transfer the $62 million collected through December 31, 1985 into the General Fund of the Treasury so it has remained in the Panama Canal Commission Special Fund to backstop obligations.

With the retention of the FY 1980 unreimbursed general fund appropriation of $85 million, the Commission, as a Revolving Fund agency, will have sufficient backstop funding authority to operate throughout the entire year. Without such an obligational "line of credit", the Canal would have to operate on a hand-to-mouth basis. The additional $62 million of retained interest needed under the special fund concept can be relinquished because, as a revolving fund, the time frame in which the Commission is able to recognize its daily receipts as obligational funding authority is reduced from a period of approximately two months to almost immediately.

SENATOR LAUTENBERG: What are your average obligations during the first two months of a fiscal year?

ANSWER: Our average obligations during the first two months of the fiscal year for the past five years has been $93 million.

SENATOR LAUTENBERG: If you can manage your annual start-up "cash flow" problem with $85 million under the revolving fund, why does it take $147 million under the existing fund structure?

ANSWER: The time frame in which the Commission could recognize its daily receipts as obligational funding authority is greatly reduced under the revolving fund format from that required under the special fund concept. Under the special fund rules, the Commission's obligational authority is based on the receipt of warrants from the Treasury resulting from deposits to the fund. On the average, the time frame between receipt deposits and their corresponding warrant has been about two months. In contrast, the Commission, as a revolving fund, would be provided with almost immediate access to daily receipts as obligational authority. Consequently, the $85 million level is considered adequate as backstop obligational funding authority.

SENATOR LAUTENBERG: What is the annual cost to the U.S. for you to retain the $62 million?

ANSWER. If the investment base is increased by the amount of interest to be transferred to the General Fund, then the Panama Canal Commission will be required to pay approximately $6 million more per year in interest expense to the U.S. Treasury. If the $62 million is retained, then there is no requirement to pay the additional $6 million. Thus, we estimate that the projected cost to the Treasury because of the retention of the $62 million is approximately $6 million per year of foregone interest.

INSURANCE PROVISION

SENATOR LAUTENBERG: In your statement, you underscore the importance of the expanded insurance authority included in the revolving-fund legislation. Could you amplify this point?

ANSWER. The Panama Canal Commission is a financially sound operation, and all indications are that it will remain so into the foreseeable future. One aspect of the Commission's operations that could undermine its ability to remain self-sufficient is the occurrence of a catastrophic event that would result in major expenses or losses of revenue beyond the capability of the Commission to absorb. The October 13, 1986 landslide in Gaillard Cut is a reminder of the catastrophic risks the Commission faces. In this instance, the landslide did not close the Canal and fortunately was of a magnitude that permitted Canal operations to be restored to normal conditions in a relatively short period of time. The potential causes of catastrophic losses are many, including several kinds of natural disasters, industrial accidents, civil or labor disorders, and terrorist acts. The expanded insurance authority the Commission seeks would provide full catastrophic protection against all such eventualities.

SENATOR LAUTENBERG: What is your current insurance authority and how would the insurance provisions of the proposed legislation expand it?

ANSWER. Section 1419 of the Panama Canal Amendments Act of 1985, which was signed into law on December 23, 1985, provides that:

> "The Commission is authorized to purchase insurance to protect the Commission against major and unpredictable revenue losses or expenses arising from catastrophic marine accidents."

The language of this section, especially the phrase "marine accidents," is not readily defined by law or regulation. Accordingly, the authority of the Commission to purchase insurance protection against catastrophic losses arising from natural disasters (such as earthquakes, landslides, and hurricanes), industrial accidents, civil or labor disorders, and terrorist acts is in doubt. The proposed legislation would remove any limitation posed by the phrase "marine accidents" standing alone, and unequivocally permit the Commission to seek insurance against all risks of catastrophic loss.

SENATOR LAUTENBERG: Would you support conversion to a revolving-fund format without this expansion in insurance authority? Why or why not?

ANSWER. Yes, the Commission would support converting to a Revolving Fund form even if expanded insurance authority is not granted; however, it is difficult to perceive why such an authority would not be approved. The Commission's primary objective in seeking a change from its appropriated fund status is to acquire the needed financial flexibility to adapt to and respond on short notice to upsurges in Canal workload, over which it has no control, and which require higher spending levels than those anticipated in appropriation ceilings. Additionally, this would remove the Commission from being

included in across-the-board government-wide budget reduction measures applicable to appropriated-fund agencies which operate from the General Fund. Secondly, as a Revolving Fund agency, the Commission would continue to provide safe and efficient service to world shipping within the constraints of self-generated revenues, while being able to manage its resources more effectively.

The Commission strongly supports expanding its insurance purchase authority and views this aspect of the proposed legislation as an important element in assuring that the Commission remains self-sufficient. The expanded insurance authority would complement the Revolving Fund format by providing the Commission with the ability to protect itself financially against major and unpredictable revenue losses and expenses arising from catastrophic events of any kind.

CANAL SECURITY

SENATOR LAUTENBERG: General political conditions in Central America continue to be fragile and unstable. Do you see this as a threat to the Canal? What measure are you taking to deal with potential threats to the Canal?

ANSWER: Work continues on the security of the Canal and, in this connection, the 1988 budget has some additional security guard positions.

Over the years, the Commission has been funding certain surveillance devices and security systems that work with our guard force in order to improve their overall effectiveness and their ability to provide the Canal at least a minimal level of protection.

In addition, the Commander-in-Chief of the U.S. Southern Command continually surveys the security needs of the Panama Canal, and certain planning has been initiated by that Command that would tend to provide a higher level of U.S. military security for the Canal when needed. Lastly, the cooperation that the Commission has received from both the U.S. Southern Command and the Panama Defense Forces has been excellent and very much attuned to the possibilities, hopefully remote, that a threat situation could occur at the Canal.

SENATOR LAUTENBERG: Last year, you indicated that the Commander in Chief, U.S. Southern Command, was surveying the security needs of the Canal. Did this survey identify the need for additional precautions? Have you implemented them?

ANSWER. That particular survey was completed, and dealt with those active and passive security measures that were within the Commission's responsive capabilities. As a result of that study, the Commission began, and continues, to improve security measures at its critical operating areas. These actions include the installation of more and improved electronic surveillance devices, reduction of the number of entry points to installations, 24-hour manning of those entry points by Canal security personnel, and restrictions to Commission installations to only authorized personnel.

INCENTIVE PAYMENTS AWARDS

SENATOR LAUTENBERG: Your budget includes $750,000 for incentive awards payments. The justification states that this is an "employee recognition program which is designed to motivate and reward employee excellence through performance, suggestions and career service awards." Please explain, with appropriate examples, what the criteria are for awards with respect to respectively: performance; suggestions; and career service.

ANSWER.

a. Performance Awards are granted, as they are throughout Government service, in recognition of job performance which substantially exceeds job requirements. Performance must have been rated outstanding in all aspects of the job for an Outstanding award and, for Superior, have substantially exceeded requirements in one or more of the most important job elements. Special Act or Service Awards recognize nonrecurring achievements, such as superior accomplishment on a special project. For example, this type of award was granted to recognize the exceptional efforts of employees during the recent slide in Gaillard Cut. All performance awards require written justifications in support of the award recommendations.

b. Suggestion awards are granted for employees' ideas which save the Commission or Government money or improve the efficiency of operations. Suggestions are evaluated and, if adopted, suggesters are eligible for cash awards based on tangible and intangible award scales.

c. Length-of-Service (Career Service) Awards and non-cash awards consisting of a certificate and lapel pin are presented to employees who complete from ten through fifty years of Commission service. Employees who complete five years of service receive a certificate.

SENATOR LAUTENBERG: Provide a list of all the awards granted in these three categories, a brief explanation of the reasons for the awards, and the name and title of the persons receiving them for the last three years.

ANSWER. Over the last three fiscal years, 3,227 performance, 81 suggestion and 2,985 length-of-service awards were granted. The following listings provide the names, titles and types of awards received by individuals for the last three fiscal years for award amounts of $1,000.00 or more. It should be noted that the increase in the number of these awards from fiscal year 1984 to fiscal years 1985 and 1986 is due to the change in criteria for the monetary awards scale. Maximum payment for an outstanding performance award increased from $550.00 to $1,800.00.

KEY to Types of Awards:
OP = Outstanding Performance
SSP = Superior Performance
SPA = Special Act
SPG = Group Special Act
DSA = Distinguished Service

PERFORMANCE AWARDS OF $1,000 AND ABOVE

FISCAL YEAR 1984

Name	Occup. Title	Type of Award
Harold B. Green, Jr.	Civil Eng	SPA
Bobbie J. Williford	Hsng Maint Mgr	SPA
Ronald Robertson, Sr.	Port Eng	SPA
Frank R. Alberga	Admin Officer	SPA
Linda L. Bradley	Secretary	SPA
Henry J. Stec	Svy Elec Eng	SPA
Richard A. Dickins	Dep Marine Dir	DSA

FISCAL YEAR 1985

William D. Young	Ast Dir of Pers	DSA
William R. Bell	Labor Rel Ofcr	DSA
Charles A. McArthur	Program Manager	OP
Donald G. Schmidt	Program Manager	OP
Richard A. Wainio	Program Manager	OP
Guillermo Van Hoorde Jr.	Industrial Engr	OP
Jose E. Corco	Supvy Accnt	OP
Jolie A. Seeley	Admin Officer	OP
William J. Joyce	Svy Systms Acnt	OP
Richard O. Burgoon	Financial Mgr	OP
Myron A. Schroeder	Budget Officer	OP
Duane A. Rigby	Financial Mgr	OP
C. J. Goodwin, Jr.	Mgt Inf Sys Off	OP
Robert Q. Won	Cash Cntrl Offr	OP
Jess K. Totten	Svy Gn Attorney	OP
W. J. Nickisher	Svy Elc Eng Tch	OP
Leonor G. Motta	Gen Attorney	SPA
Nicolas Salamina G.	Supvy Elec Engr	OP
Vicki L. Boukalis	Budget Officer	OP
James M. Slover	Lk Opns Gen Fmn	OP

Hernan Acevedo M.	Gen Engineer	OP
Douglas C. Schmidt	Admin Officer	OP
Justin J. Bonanno	Chm, B L I	SSP
Lawrence Barca, Jr.	Supvy Gen Engr	OP
A. Sonia Schack	Pers Mgmt Spec	OP
Walter C. Bottin	Empl Svce Offcr	SPA
Elvira I. Arias	Svy Pr Stf Spc	OP
Felix A. Filos-Remotti	Svy Pr Mgt Spc	OP
Eileen Angle	Auditor	OP
Robert J. Boatwright,Jr.	Budget Officer	OP
William C. Forbes	Prog Analys Off	OP
Charles R. Eckerle	Program Analyst	OP
Joan Ohman	Budget Analyst	OP
Eva Chen	Budget Analyst	OP
Marilyn V. Young	Svy Rates Anl	OP
Virginia Leon-Guerrero	Rates Anl	OP
Carlos A. Alvarado N.	Lock Opns Fm	OP
Dale M. Wagner	Svy Mtc	OP
Daryl F. Bullinger	Supvy Gen Engr	OP
Frederick J. De Boer	Pilot	OP
Robert S. Gray	Pilot	OP
John R. Carey	Pilot	OP
Charles R. McDaniel	Pilot	OP
Harry E. Bentsen	Pilot	OP
Roy T. Evans	Pilot	OP
William Farrell	Pilot	OP
Paul R. Guerriero	Pilot	OP
George E. Warren	Pilot	OP
Patrick H. McDonald	Pilot	OP
John H. Maher	Pilot	OP
Daniel H. MacElrevey	Pilot	OP
Louis M. Pascavage	Pilot	OP
Sam T. Anderson	Pilot	OP
John J. Dorsa	Pilot	OP
John J. Connard, Jr.	Pilot	OP
Hiroyuki Katsumoto	Pilot	OP
Nathaniel Gladding	Pilot	OP
William E. Froude	Pilot	OP
Thomas A. Clarke	Pilot	OP
Ted E. Deaton	Master, Towboat	OP
Ricardo A. Alvarez	Supvy Gen Engr	OP
Ricardo E. Jardine	Equip Maint Gfm	OP
Richard A. Cheville	Md Off(Occ Med)	SSP
Enrique B. Marquez	Gen Engineer	OP
Numan H. Vasquez	Supvy Gen Engr	OP

Rene Van Hoorde G.	Supvy Elec Engr	OP
Adriano E. Diaz	Supvy Gen Engr	OP
Melba A. Raven	Economist	OP
Willie K. Friar	Pub Affairs Spc	OP
Ramon M. Fernandez	Svy Gn Eng(Spe)	SPA
William B. Shaw	Svy Hydrologist	OP
Ricardo R. Varela	Svy Eme Dvl Spc	SPA
Jesse G. Renfro	Ms-in-Chg, Twbt	OP
Thomas L. Rowe	Master, Towboat	OP
Clayton M. Mills	Master, Towboat	OP
Fernando J. Fabrega R.	Master, Towboat	OP
Michael S. Klipper	Supply Mgmt Off	OP
Ernest R. Hickman	Mtr Tr Opns Off	OP
Tilcia R. McTaggart	Equal Empl Mgr	OP
Gerald P. Risberg	Program Manager	OP
Burton F. Mead	Svy Systms Acnt	OP
Victoria E. de Beare	Systems Accnt	OP
Jerry L. Ransom	Svy Admeasurer	OP
Bruce G. Sanders III	Svy Mtc	OP
Richard J. Bjorneby	Svy Mtc	OP
Nelson A. Kraemer	Svy Elcns Tech	OP
Henry J. Stec	Elctrncs Engr	SPA
John M. Eberenz	Svy Admeasurer	OP
George A. Markham	Mar Admin Offcr	OP
Alvis E. Rainey	Canal Port Cpt	OP
Sidney G. Wagner	Admin Svc Offcr	OP
George A. McDonald	Mar Admin Offcr	OP
James R. Kaufman	Marine Opns Off	OP
Lilia A. Sibauste L.	Assc Ombudsman	OP
Virginia K. Allen	Admin Officer	OP
Jose F. Fonguer V.	Machinist	SPA
Reinaldo Tu<on G.	Machinist	SPA
Doreen Ung	Budget Analyst	SPA
James E. Ferrara	Admin Svc Offcr	OP
Michael Rhode, Jr.	Secretary, PCC	OP
Walter D. Bjorseth	Financial Mgr	OP
Ronald L. Seeley	Director of PR	OP
Joseph J. Wood, Jr.	Admin Svc Offcr	OP
Raymond P. Laverty, Jr.	Program Manager	OP
George T. Hull	MR Opns Directr	OP
Fred A. Cotton	Program Manager	OP
John J. Plunkett	Supvy Gen Engr	OP
Georges G. Bouche	Ombudsman	OP
Bruce A. Quinn	Equal Empl Mgr	OP
Edward M. Chism	Staff Assistant	OP

James A. Mathis	Supvy Auditor	OP
John L. Haines, Jr.	Svy Gn Attorney	OP
Clarence C. Payne	Admin Svc Offcr	OP
Fernando Manfredo, Jr.	Dpadmr, Pn Cn Co	OP
Anel E. Beliz S.	Pub Affairs Spc	OP
Luis A. Pringle	Mar Mach Gfm	SPA
Robert A. Rankin	Plnt Mnt Gfm	SPA
Julio E. Pulido	Geodesist	SPA
Celso Quintana C.	Dredge Seaman	SPG
Felipe Joseph S.	Cptn, Mtr Ves	SPG
Rick K. Doubek	Mar Mach Fmn	SPG
Manuel A. Ayarza	Mtr Lnch Opr	SPG
Brian C. Plaisance	Pipefitter	SPG
Frank R. Kastancuk	Prod Mach Mech	SPG
Euclides Dominguez V.	Sal+Dvg Ast Fmn	SPG

PERFORMANCE AWARDS OF $1,000 AND ABOVE

FISCAL YEAR 1986

Name	Occup. Title	Award
Walter D. Bjorseth	Financial Mgr	DSA
Georges G. Bouche	Ombudsman	DSA
Jose E. Corco	Supvy Accnt	SPA
Hipolito Gil G.	Pest Cntrlr Ldr	SPA
Bruce G. Sanders, III	Svy Mtc	OP
Francis R. Matters	Svy Systms Acnt	OP
James W. Dunn	Sf Acnt	OP
Patricia Chan	Sf Acnt	OP
George A. Mercier	Personnl Offcr	OP
Richard A. Cheville	Md Off (Occ Med)	OP
Mary K. Vidaurri	Svy Pr Mgt Spc	OP
Carlos A. Williams	Svy Pr Staf Spc	OP
Duane A. Rigby	Financial Mgr	OP
Jolie A. Seeley	Admin Officer	OP
Carey J. Goodwin, Jr.	Mgt Inf Sys Off	OP
William J. Joyce	Svy Systms Acnt	OP
Myron A. Schroeder	Budget Officer	OP
Dale M. Wagner	Svy Mtc	OP
Ennis E. Daniel	Pilot	OP
Harry E. Bentsen	Pilot	OP
John F. McKeen	Pilot	OP
Marc Quinn	Hsing Mgmt Spec	OP
Cecil H. Raybourn	Supvy Recr Spec	OP
Justin J. Bonanno	Marine Opns Off	OP
William O. Cofer	Program Manager	OP

Virginia K. Allen	Admin Officer	OP
George A. McArthur	Supvy Gen Engr	OP
Daryl F. Bullinger	Supvy Gen Engr	OP
Carlos A. Alvarado N.	Supvy Gen Engr	OP
Robert Q. Won	Cash Cntrl Offr	OP
Burton F. Mead	Svy Systms Acnt	OP
Thomas L. Matthews	Svy Systms Acnt	OP
Jose E. de J. Duarte N.	Comp Sys Prgmr	OP
William C. Forbes	Prog Analys Off	OP
Gilbert M. Smith	Rates Anl	OP
Douglas J. Fulop	Rates Anl	OP
Kenneth L. Morris	Svy Rates Anl	OP
Phillipa R. Tom	Svy Bdgt Anlyst	OP
Joan Ohman	Budget Analyst	OP
Eva Chen	Budget Analyst	OP
A. Sonia Schack	Pers Mgmt Spec	OP
Barbara B. Ledezma	Pers Mgmt Spec	OP
Tomas E. De Roux G.	Rigging Worker	SPA
Cecilia Marciacq	Svy Pr Sf Sp(E)	OP
Joseph A. Brady	Surveying Tech	OP
Peter M. Jorgensen	Gen Eng (Specif)	SPA
Edilberto A. Yee	Spvy Trng Instr	OP
Claud L. Planchon	Electrician Gfm	OP
Robert W. Adams	Supvy Civil Eng	OP
Collin P. Corrigan	Ind Prod Mgr	SPA
Enrique B. Marquez	Gen Engineer	OP
Numan H. Vasquez	Supvy Gen Engr	OP
Adriano E. Diaz	Supvy Gen Engr	OP
Gerald E. McElroy	Admin Officer	OP
Richard D. Morgan	Program Manager	OP
Jaye D. Deitz	Fire Chief	OP
Rene Van Hoorde G.	Supvy Elec Engr	OP
Nelson A. Kraemer	Svy Elctrns Tech	OP
Henry J. Stec	Elctrncs Eng	SPA
Terry K. Duncan	Electronics Tech	OP
Ernst D. Schnack	Spvy Gen Engr	OP
Ramon A. Constante C.	Electrician Fmn	OP
Michael Rhode, Jr.	Secretary, PCC	OP
Ronald L. Seeley	Director of PR	OP
Joseph J. Wood, Jr.	Admin Svc Offcr	OP
Raymond P. Laverty, Jr.	Program Manager	OP
George T. Hull	MR Opns Dir	OP
Fred A. Cotton	Program Manager	OP
John J. Plunkett	Supvy Gen Engr	OP
Michael N. Stephenson	Labor Rel Offcr	OP

James A. Mathis	Supvy Auditor	OP
John L. Haines, Jr.	Svy Gn Attorney	OP
Clarence C. Payne	Admin Svc Offcr	OP
Richard L. Cahill	Pers Mgmt Spec	OP
Anel E. Beliz S.	Pub Affairs Spc	OP
William S. Hinkle	Marketing Spec	OP
Willie K. Friar	Pub Affairs Spc	OP
James P. Bradley	Electrician Gfm	OP
Billy A. Quiros	Ast Cf,Fr Div	OP
Richard A. Roscoe	Chief Eng, Twbt	OP
Waldo B. Gilley, Jr.	Equip Maint Gfm	OP
John F. Adams	Electrician Gfm	OP
Charles Morris	Program Manager	OP
Richard J. Bjorneby	Boat Opns Gfm	OP
Clarita T. Smith	Lab Rel Spec	OP
Douglas R. Ng L.	Const + Mt Gfm	SPA
Frank R. Turman, Jr.	Traffic Manager	OP
Thomas E. Pierce	Admin Svc Offcr	OP
Sofia V. de Magallon	Svy Translator	OP
Robert B. Dunn	Pwr Sys Dsptchr	SPA
John Y. Wagner	Ast Dir of Pers	SPA
Cynthia J. Thomas	Gen Attrny(Adm)	SPA
Gil A. Atencio	Marine Machnst	SPG
Martin Almanza O.	Marine Machnst	SPG
Eric A. Quintana	Towboat Seaman	SPG
Victor A. Sanchez P.	Dredge Seaman	SPG
Robert McGuinness, Jr.	Lock Opns Fmn	SPA

EMPLOYEES WHO RECEIVED AWARDS OF $1000 OR ABOVE

SUGGESTION AWARDS

FISCAL YEAR 1984

NAME	POSITION TITLE
HIM, Santiago A.	Clerk-Typist
SCHACK, Sonia A.	Personnel Managment Sp.

EMPLOYEES WHO RECEIVED AWARDS OF $1000 OR ABOVE

SUGGESTION AWARDS

FISCAL YEAR 1985

NAME	POSITION TITLE
N. A.	

FISCAL YEAR 1986

CASTILLO M., David	Locks Locomotive Operator
CARLISLE, Joseph A.	Mechanical Foreman
BRISTOL, Clark C.	Instrument Mech. Leader
BRADLEY, James P.	Electrical General Fmn.
McILVAINE, Kari K.	Position Classification Sp.
BURZA, Michael J.	Machinist Foreman
RODGERS, Robert O.	Purchasing Agent
PUGH, Carl P.	Heavy Mobile Eq. Mech.Fmn.

UNOBLIGATED BALANCES

SENATOR LAUTENBERG: You project an unobligated balance of $12,670,000 at the end of fiscal year 1987. What accounts for this balance? Does it reflect delays or schedule slippage in planned operations and capital projects? If so, please provide a list for the record.

ANSWER. Included in the $12,670,000 is the $10 million Emergency Fund, and $2.67 million which represents unobligated capital funds. There are some delays which can be expected in the performance of the capital program due to the Commission's overseas location; and certain other projects may have extended completion schedules due to the unique type of equipment being procured for use by the Canal. With some minor exceptions, the Commission's capital program performs very close to plan.

PILOT WORKFORCE

SENATOR LAUTENBERG: What is the current size of your pilot workforce? What is its composition by nationality? That is, what percentage is Panamanian, U.S., etc.? What is the average compensation of a pilot? How many pilots earned more than $100,000 in 1986?

ANSWER. At present, the Commission has a total of 220 transit pilots and pilots in training--of that number 37 are Panamanian. Consequently, U.S. citizens make up 83 percent of the pilot workforce, while the remaining 17 percent are Panamanians.

The basic salary for pilots remains the same as the basic salary for any other federal employee and is subject to the ceiling on salary payments. Canal pilots, because of their labor contract, do have access to certain productivity bonuses. Consequently, pilots are capable of receiving compensation above the federal pay ceiling.

The average compensation of a Canal pilot for CY 1986 was $89,000, and 124 earned over $100,000. As indicated previously, a pilot's compensation is dependent on a number of variables, including productivity bonuses, work schedules, and overtime worked.

LAUNCHES

SENATOR LAUTENBERG: Your capital budget includes $950,000 for the replacement of two pilot/boarding boats. Provide for the record a list of your launches by name, year of purchase, age, and planned replacement date.

NAME	YEAR OF PURCHASE	AGE AS OF FY 1987	PLANNED REPLACEMENT DATE
CHUB	1968	19	1992
COBIA	1969	18	1989
GROUPER	1979	8	1995
HAWK	1979	8	1994
HERON	1979	8	1993
MACKEREL	1968	19	1988
MAKO	1977	10	1991
RAY	1962	25	1986*
RAY II	1983	4	1998
SAILFISH II	1983	4	1997
SKATE	1980	7	1996
TETRA	1978	9	1992
SNOOK	1970	17	1986*
ALBACORE	1970	17	1987*
CORBINA	1971	16	1986*
CORMORANT	1979	8	1992
DARTER	1979	8	1994
DORADO	1975	12	1991
FRIGATE	1979	8	1993
FLYING FISH II	1983	4	1998
ORCA	1974	13	1990
PARROT	1979	8	1996
PIKE	1979	8	1995
REMORA	1968	19	1988
TERN II	1983	4	1997

* Under construction

TUGBOAT REPLACEMENT

SENATOR LAUTENBERG: You have budgeted $3,785,000 for replacement of the tugboat Rodman. What is the average useful life of a tugboat? How old is the Rodman?

ANSWER. The average useful life of a tug is 20 years. The RODMAN was placed into service in 1966 and is scheduled for replacement in 1988.

SENATOR LAUTENBERG: How many tugs do you have in your fleet?

ANSWER. There are currently 18 tugs in the Commission's fleet--16 assigned to transit-related tasks, and 2 which are used to support dredging operations.

SENATOR LAUTENBERG: Please list for the record the names of all your tugs, the year they were placed in service; their age, and the estimated year of replacement for each.

Name	Year	Age	Replacement
Stevens	1961	26	1987
Rodman	1966	21	1988
Rousseau	1967	20	1988
Trinidad II	1968	19	1989
Schley	1968	19	1990
Harding	1970	17	1991
Mehaffey	1970	17	1992
Morrow	1971	16	1993
Walker	1977	10	
Burgess	1977	10	
Parfitt	1981	6	
Progreso	1981	6	
Alianza	1981	6	
Amistad	1982	5	
Esperanza	1985	2	
Paz	1986	1	

In addition to the above, the Commission has two other small tugs which provide floating equipment support for the Commission's dredging program.

CUT WIDENING FEASIBILITY STUDY

SENATOR LAUTENBERG: Last year you told the Committee that the Cut Widening Feasibility Study, which was originally due to be finished in the first quarter of fiscal year 1986, would be ready for Board consideration early in 1987. Has the study been completed? What are the recommendations? What impact has the earthslide last fall had on the study and its conclusions?

ANSWER. The technical, operational, and environmental analyses of the Gaillard Cut Widening Feasibility Study have been completed. The analysis of financial alternatives is scheduled for completion in the next few months, and data from that analysis will be used to complete the economic feasibility study. The Commission's Board of Directors will be provided with a final report shortly after the conclusion of the economic analysis.

The landslide in Gaillard Cut did not revise the factors being considered in the Gaillard Cut Widening Feasibility Study.

SENATOR LAUTENBERG: You estimated the cost of widening the Gaillard Cut at between $400 million and $600 million last year. What is your current estimate?

ANSWER. Current cost estimates for the potential widening of Gaillard Cut range from an approximate low of $400 million for a 5-year construction scenario using a single contractor to approximately $500 million for an 11-year construction scenario using multiple contractors. The above cost estimates do not include any costs associated with the financing of the project.

SENATOR LAUTENBERG: You indicated last year that a major benefit of widening the Gaillard Cut would be to provide for increases in wide-beam vessel transits. What proportion of your total transits do wide-beam vessels currently constitutes?

ANSWER. Wide-beam vessels, which require one-way and/or daylight passage through the Cut, currently constitute approximately 38% of total ocean-going transits.

SENATOR LAUTENBERG: What do you project for the next 15 years in this regard?

ANSWER. By the end of the century the Manalytics forecast of Canal traffic indicates that approximately 53% of total ocean-going transits will be in the wide-beam category. Total transits, however, are forecast to remain approximately level at around 30 per day.

SENATOR LAUTENBERG: According to the January Report on significant Commission activities, wide beam vessel (100 foot wide) transits made up only 20.4 percent of total transits, below the 23 percent estimated. What accounts for the shortfall?

ANSWER. Canal transit forecasts are presented in terms of average annual results; consequently, month-to-month actual transits will vary from these annual averages. On a year-to-date average, through the first five months of the current fiscal year, transits by vessels having beams of 100 feet and over have accounted for 22.8 percent of total oceangoing transits versus the 23 percent estimated.

TUGBOAT FLEET

SENATOR LAUTENBURG. Since the U.S. Maritime Administration (MARAD) has obtained title to a large number of tugboats under its guarantee program, the question has been raised whether the Commission could use some or all of the MARAD tugs in lieu of new procurement.

As I understand it, the Commission has agreed to review this situation, but has gone ahead with its 1986-1987 procurement action.

- What is the status of the PCC review of the possibility of acquiring MARAD tugs?

- How many of the MARAD tugs will the PCC accept against its long term requirement?

- For those MARAD tugs not selected, why do they not meet PCC requirements?

ANSWER: Although the tugs that MARAD currently has in its inventory did not meet Panama Canal specifications, the Commission has adopted a practice of approaching MARAD and reviewing their inventory of vessels before procurement is initiated on any major item of floating equipment. That would involve not only tugboats, but dredges and other specialized major types of floating equipment. The Commission had not been doing this prior to the offering by MARAD of the tugboats last year, and while they were found to be unsuitable, even with modifications, the review disclosed that MARAD has a vast range of floating equipment items that might be useful to the Commission in the future.

Future consideration of MARAD acquisition will depend on replacement needs and whether or not the tugs in the MARAD inventory at the time of replacement meet Canal specifications.

The Commission seriously considered the feasibility of purchasing a MARAD tugboat in its last round of procurement, which included several on-site inspections of offered vessels by Canal marine and procurement officials. The inspection team found that none of the tugs, even with substantial modifications on the order of $1.5 million or more per boat, could be made suitable for ship transit functions in the Panama Canal. The MARAD tugs were designed and constructed specifically for long haul ocean towing work and, consequently, are not configured or designed to operate in the confined spaces of the Canal, with the close-in maneuverability needed for assisting ships in and out of the locks.

As a final point, the Commission is well along on a program of standardizing its tug fleet, particularly with respect to the power and control systems used. The benefits of this are obvious, ranging from improved and more economical controls over replacement part inventories, to simplified and more efficient training of tug crews and maintenance personnel, most of whom are Panamanians. The different systems contained in the MARAD boats directly conflict with these goals.

COMMISSION TO STUDY SEA LEVEL CANAL AND ALTERNATIVES

SENATOR LAUTENBURG. The United States, along with Panama and Japan, is studying the transportation alternatives to the existing Canal in Panama. This study fulfills the U.S. Treaty obligation to study the feasibility of a sea-level Canal in Panama.

While the U.S. is not committed to finance any of the alternatives, if any, recommended in the study, one of the alternatives, i.e. significantly increasing the capacity of the current canal, is, I understand, being discussed by the Board of Directors of the Commission.

- Can the Congress expect to be asked to appropriate funds to finance any of the Canal capacity upgrading programs under discussion?

- Upon completion of the study by the Commission to study sea-level Canal and alternatives, will the United States be asked to participate financially in the construction of proposed alternatives to the present Canal?

ANSWER: Article XII of the Panama Canal Treaty commits the United States and Panama, during the duration of the treaty, to jointly study the feasibility of a sea-level canal in the Republic of Panama. Japan has joined with the United States and Panama as a partner in the Canal Alternative Study group, and the three countries are in the organizational stages.

Particular evaluation regarding the United States' participation in this project, both financially and technologically, is not considered within the purview of the Commission. It is suggested that answers to these questions are more appropriately the responsibility of the Department of State.

Separate and apart from the foregoing, the Commission has undertaken a study to determine the feasibility of widening Gaillard Cut, and the results of that study should be ready for Board consideration in calendar year 1987. Many of the most important elements including the technical, operational, economical, and environmental analyses, have been completed or will be finished shortly. The cost-benefit analysis and the financial analysis are two major elements still to be accomplished. The financial analysis, which will evaluate potential alternatives for financing the cut-widening project, is being accomplished by an independent consulting firm under contract to the Commission. The alternatives being considered by the consultant range from total external funding to complete internal funding, with combinations of both external and internal financing also being considered. Although recommendations have not been finalized with respect to the financial alternatives to use, the likelihood that Congress would be asked to appropriate funds for this purpose is considered extremely remote.

Questions Submitted by Senator D'Amato

SENATOR D'AMATO: What is the current estimate of traffic diversion and revenue losses to the Canal and U. S. East Coast ports from Pacific commodities, off-loaded at West Coast ports and shipped by rail across the U.S.? What is being done to attract this business to the Canal?

ANSWER. The information available does not allow us to identify Far East traffic diverted from the Canal to the U.S. rail system. It does indicate, however, that container trade on both the all-water route through the Canal and the U.S. minibridge and microbridge systems has increased significantly in past years. Panama Canal Commission data show that container cargo from the Far East to the U.S. East Coast, shipped on the all-water route through the Canal, has registered an average annual increase of 18.5 percent during the period 1983-1986. Furthermore, available data suggest that the market shares between the two competitive modes may have leveled off and that both systems should experience growth in the future.

The Commission's efforts to retain Far East/U.S. East Coast container business have intensified in recent years. Generally, our marketing approach concentrates on providing accurate and timely information to customers on Canal operations and plans. Operationally, the Commission has worked to keep the Canal competitive by taking steps to ensure all users receive quality transit service at the lowest possible cost.

SENATOR D'AMATO: What will happen to U.S. military bases in Panama after 1999? What negotiations are underway with Panama to ensure security of these installations?

ANSWER. This question, more appropriately, should be addressed to the Commander-in-Chief, Southern Command, or to the Department of Defense.

SENATOR D'AMATO: What is the status of union negotiations, especially for pilots?

ANSWER. The Commission has five (5) collective bargaining agreements in effect. At the present time, there are no ongoing negotiations for a basic agreement or renegotiations for the extension of a basic agreement. As outlined below, each of the five agreements has a different expiration date:

1. The marine engineers contract will terminate on October 5, 1987. At this time, there is no indication that either party intends to renegotiate the agreement. If so, the agreement will be extended for another year.

2. The pilot contract will terminate on March 23, 1988. The agreement may be renewed for another three years if neither party requests renegotiation. Although it appears at this time that the Commission will not seek to renegotiate the contract,

all indications are that the union intends to do so. The Commission believes that the contractual terms and conditions, together with the noncontractual compensation package, provide a very favorable set of working conditions for the pilots. At the same time, it provides the Commission the flexibility to manage and to carry out the complex Canal operations effectively.

3. Neither party requested renegotiation of the fire fighter agreement within the contractually prescribed window for such action. Accordingly, the fire fighter agreement will be extended for another one-year period effective April 7.

4. The non-professional bargaining unit agreement which covers the majority of the Commission's workforce (about 7,400 employees) was extended on September 16, 1986 for three years with a new expiration date of September 15, 1989.

5. As with the fire fighter contract, neither party requested renegotiation of the professional bargaining agreement. Therefore, the professional agreement will begin a new three-year term on April 11. The new termination date will be April 10, 1990.

SENATOR D'AMATO: How many Panamanians are being trained to deal with workforce requirements after 1999?

ANSWER. Since treaty implementation, the training of Panamanian employees has been emphasized to insure a smooth transition at treaty end. In the last three fiscal years, Panamanian employees account for 75% of the participants in employee, supervisor, manager and language development courses. In addition to these courses, training programs to meet specialized needs, such as increasing Panamanian participation in the Canal pilot force and in the professional ranks, have been successful. In fiscal year 1986 Panamanians participated in the various training as follows:

Development Courses	Panamanian Participants	
Employee	1,391	
Supervisor	450	
Manager	62	
Language	427	
Special Programs		
Pilot Understudy	16	1/
Cooperative Education	17	1/
Career Intern	33	1/
Apprenticeship	124	1/
Upward Mobility	89	2/
Journeyman Enhancement	438	3/

1/ All participants Panamanian
2/ 97% participants Panamanian
3/ 91% participants Panamanian

NATIONAL TRANSPORTATION SAFETY BOARD

STATEMENT OF JIM BURNETT, CHAIRMAN

ACCOMPANIED BY PETER KISSINGER, MANAGING DIRECTOR

OPENING REMARKS

Senator LAUTENBERG. I'd like now to call to the witness table the Hon. Jim Burnett, Chairman of the National Transportation Safety Board. And I understand that he'll be accompanied by Peter Kissinger, Managing Director of the NTSB as well.

Mr. Burnett, I have in my opening statement some comments about the NTSB. But I didn't want to continue without your being here.

And I will take a minute now to say for the record what I was going to say.

That is, the NTSB obviously is the safety watchdog of the federal establishment. The administration's budget is, I think, meant to pull some of its teeth. That's not surprising.

You, Mr. Chairman, have time and time again displayed courage, independence and dedication to the cause of safety, and we greatly respect that. And I'm proud to say that I supported your reappointment last year.

You're a good example of the kind of person we need in public service. Under your leadership the Board's corps of expert professionals serve as the shock troops in the battle for transportation safety.

Their persistence, and the commitment they make, often makes a critical difference in overcoming the inertia and entrenched economic interests that all too frequently block safety improvements.

It's an enormous job. And it's not getting any easier. Transportation safety in this country is under terrific pressure. It's most obvious in aviation, but it's just as true in other modes as well.

Traffic, whether on our roads, rails, waterways, or in the air, is straining capacity and narrowing the margin of safety.

And obviously my word is not the only representation of that fact. Just look at the newspapers, look at other reports. Since the beginning of this year alone, we've had two midair collisions, 144 near misses, five commuter plane crashes, the horrible wreck of Amtrak's Colonial, three accidents involving commuter trains, four freight train accidents, two involving hazardous cargo, a head-on collision between two buses in the Lincoln Tunnel express lane, 10 major marine accidents; and of course, the carnage on our highways continues unabated.

The human toll already this year is enormous. In aviation, there have been 120 fatalities, 55 injuries. As bad as that is, it could even have been worse. In either of the two midairs we've had this year, a large

commercial jetliner carrying hundreds of passengers could have been involved; we dodged that bullet fortunately.

How long we can keep dodging bullets is a real question. Congress has approved the economic deregulation of transportation. We did not, though, deregulate safety.

Yet all too often the traveling public is, in effect, being told, here's a cheap fare; you'll have to take a chance on safety.

We don't want to do that. I don't like that kind of a gamble, and neither does the traveling public, especially when we're boarding an airplane.

AVIATION SAFETY

The administration tells us to relax; everything's under control. Last year was one of the safest in aviation history.

What they don't tell us is that last year there were 178 accidents and 618 fatalities, in U.S. commercial aviation. And there were 2,568 accidents and 411 fatalities in general aviation. Generally, there is nothing relaxing about those statistics to anyone who flies at all; certainly to no one who flies as much as I do.

The safety margins in aviation are becoming dangerously thin. And that's an obvious reality. It's obvious to me and other members of the subcommittee. It's obvious to professional pilots. It's obvious to overstressed controllers.

And it's obvious, I believe, as well to NTSB.

That's why I'm particularly concerned about the implications of the Board's recent investigation of the situation at O'Hare. That study shows that the epidemic of operational errors, runway incursions, near collisions at O'Hare are rooted in controller staffing problems.

The chronic shortage of full-performance level, experienced controllers translated directly into inadequate training and lapses in controller coordination.

The FPL's simply don't have the time to train the less qualified controllers; and the supervisors are forced to spend too much time on the scope.

The O'Hare report also raises serious questions about FAA's management of the system for controlling the flow of traffic.

The finding suggests the system doesn't give enough weight to controller experience and performance limitations.

I'm afraid that conditions at O'Hare are not atypical. There's a shortage of controllers throughout the air traffic control system. The same dangerous situation may exist or be developing at many other control towers and en route centers.

I'm particularly concerned about the Philadelphia-New York area. We need to know the extent of the problem as quickly as possible.

I understand that the Safety Board is shorthanded; that it's not feasible to replicate the O'Hare investigation at other air traffic facilities at this time.

Instead, I am calling on the General Accounting Office for an expedited survey of controller staffing, workload, and safety indicators at other major facilities.

If the O'Hare center is symptomatic of an even wider disease, we need to find a cure and we need to find it soon.

The subcommittee is interested in hearing your testimony and discussing the problem as we see it.

Welcome, Mr. Chairman.

STATEMENT OF JIM BURNETT

Mr. BURNETT. Thank you, Mr. Chairman.

We very much appreciate your kind remarks about the Safety Board. And I want to say that to the extent that I have been able to rise to the challenges of the job I hold, it's been because of the inspiration of the very dedicated people with whom I work at the Safety Board.

And Mr. Chairman, we want to say that it's very encouraging to us to see that you have taken such an active interest in transportation safety.

I know you were deeply involved in the age-21 issue which is so important to transportation safety in this country.

Your leadership in your new role as chairman of this committee is most appreciated, and the Safety Board looks forward to working with you and the other members of the committee to further our common goals.

Of course, you've already mentioned, I have with me, Mr. Chairman, Mr. J. Peter Kissinger, Managing Director of the Safety Board.

Other members of our management team are here also, and available if needed.

If you don't object, Mr. Chairman, I will submit my formal statement for the record and summarize.

While 1986 is considered to have been a relatively good year for transportation safety, particularly in aviation, 1987 was only 4 days old when the nation was horrified by the Amtrak tragedy at Chase, MD.

And by the time the year was barely 3 weeks old, the Board was investigating two midair collisions, one in Salt Lake City, the other in Kansas City, that bore some similarity to the most tragic accident of 1986, the midair collision over Cerritos, CA, that claimed 82 lives.

The bad news, fortunately, is combined with some good news as well, accomplishments of which we are proud and which we hope will have a positive and lasting effect on transportation safety.

I would like to share with you some of these accomplishments and review current investigations and safety issues, and preview, to the extent possible, our activities for this year.

SEPTA ACCIDENTS

In addition to the Chase accident investigation, the Board is looking into two recent accidents on the Southeast Pennsylvania Transportation Authority system in Philadelphia, that's SEPTA.

As in the Chase accident, the problem of alcohol and drug use by transportation operators was also demonstrated.

In December, and again in January, single-car SEPTA trains proceeded through red lights and crashed into standing trains.

Crewmembers involved in both accidents tested positive for drugs. Both operators showed evidence of cocaine use.

RUNWAY INCURSIONS

In aviation, in addition to the midair collisions I mentioned, we are continuing to monitor the air traffic control system. Ironically, 4 days after we issued our runway incursion study, an incident occurred at O'Hare International Airport in which a USAir DC–9 almost collided with an American Airlines 727 which was on departure from an intersecting runway.

Both planes were cleared for takeoff by the same air traffic controllers.

After two more operational errors early in the summer at O'Hare, safety board specialists spent more than a week at that facility to review the situation more closely.

A set of recommendations recently sent to the FAA addresses problems we found in that assessment, notably, that the number of full performance level controllers at O'Hare was being held down because of the unavailability of personnel to train developmental controllers.

And this unavailability was due to the need to have the FPL controllers and supervisors controlling traffic instead of training.

HEAVY TRUCK SAFETY

One issue that has received growing public awareness recently is heavy truck safety. Since 1980 we have identified and made numerous recommendations for alleviating shortcomings in the three systems for directing and controlling interstate truckdrivers.

Those three systems are the National Driver Register, state driver licensing policies, and the federal motor carrier safety regulations.

In 1986 we continued our emphasis on heavy truck commercial vehicle safety by examining qualifications, licensing and training issues. We found that although formal truckdriver training is needed to provide the skills needed for safe performance, many people are allowed to drive trucks without receiving such training, and some training programs do not provide adequate instruction.

LAPBELTS

Also in 1986 the Safety Board issued a special safety study on the use of lap-only belts in the rear seats of automobiles. Analyzing data acquired from 26 automobile accident investigations, we found that in some types of accidents, rear seat occupants using a lapbelt suffered serious injuries induced by the belt itself that would have not have occurred if they have been using a lap/shoulder belt.

There is no doubt that a combined lap/shoulder belt is a better form of seatbelt protection. Thus we recommended that all cars be fitted with lap/shoulder belts in the back seats. And we have a very good prospect, I think, at least in the 1990 model year, of having all American-manufactured cars so equipped.

PRIDE OF BALTIMORE

In the marine mode, the loss of the tall ship *Pride of Baltimore* demonstrated the value of periodic communications and proper placement of survival gear.

Only when the eight survivors were fished out of the Atlantic by a passing steamer did the world learn that the *Pride* had sunk 4 days earlier. No one on land had any indication that tragedy had struck. And the fact that no communications had been received did not raise an alarm because no communication schedule had been established.

The Board has also worked with transportation of hazardous materials and pipeline safety issues. For the sake of brevity, I will refer you to my formal testimony, and turn now to our budget request.

APPROPRIATION REQUEST

For fiscal year 1988 the Board is requesting $23.56 million, which is $1.32 million more than our current fiscal year 1987 appropriation.

However, due to uncontrollable increases in costs for such items as pay raises, travel, office space and the new retirement system, this apparent increase in resources is insufficient to allow the Board to maintain its staff at fiscal year 1987 levels.

In fact, the dollar resources we are requesting will allow the Board to maintain only a 310 full-time equivalent staff level, which is 4 percent or 14 positions below our OMB ceiling of 324.

The Safety Board has proven its ability, Mr. Chairman—and I'm pleased to see this committee recognizes it—to accomplish independent, efficient and effective investigations; and to induce substantial safety and management improvements with significant benefits for the American taxpayer, and without regulatory authority.

Again, Mr. Chairman, your support for these efforts, and the support of this committee, have been invaluable.

That concludes my summary, and I would be happy to respond to your questions.

Senator LAUTENBERG. Thank you, Mr. Burnett.

REDUCTION IN FTE STAFF

Mr. Burnett, last year you testified the Board required a minimum of 347 FTE's to fulfill your responsibilities.

Your request for fiscal year 1988 is for 310 FTE's and $23,500,000. Now, as you've just said, that is a reduction of 14 work-years from the level provided for the current year.

Explain that to me again. Because I know you are committed to see that the responsibilities assigned to you are fulfilled.

Why are you requesting a budget that reduces the size of the staff to do this job? Did you have too many people before?

Mr. BURNETT. Well, in fact, Mr. Chairman, our request was in conformance with the President's budget. We have long maintained, both to the Office of Management and Budget, and in our testimony before Congress, that we feel that the 347 level, which we have requested for 5

or 6 years I think now, is much lower in size than the Board once had when we were actually up to 401. So, 347 is a minimal level, taking into consideration all of the efficiencies that we thought we could achieve.

In fact we have not been for several years operating at the 347 level. It requires us to make tradeoffs that we would prefer not to have to make in the accomplishment of our duties, but even at the 347 level we'd have to make some of those tradeoffs.

So we, of course, would say that the difference between 347 and 310 is 37 positions that we think would be well used in helping accomplish transportation safety in this country.

But our needs, like the needs of all other agencies, have to be accommodated to some degree with the amount of resources that are available in the hands of the federal government.

Senator LAUTENBERG. Well, Mr. Burnett, again, I started off with compliments to you for your integrity and your determination to get the job done properly.

And consistent with that, I think what I hear you say—I don't want to place you in a difficult position, but there is a point to be made here—and that is, that you are still holding to your professional belief and your responsibility that you need 347 people minimum to get this job done.

Mr. BURNETT. And we also, Mr. Chairman, continued that figure as the basis of our authorization request. And of course, we're going through the reauthorization process right now.

So we have based our reauthorization request on 347 in the hopes that maybe the state of the public purse strings, the state of the public purse, would enable us to have that.

Senator LAUTENBERG. OK. The one thing I don't want to force you to do is to compromise what you believe is right. Because safety overrides almost any other consideration.

And as we continue to expand travel, we have enormously in rail, we have enormously in air, we want to get on with doing the job properly.

And, again, I know that you take your full responsibilites very seriously, and that includes being part of a team.

But I want to make sure that the record states very clearly that your professional judgment says that we need 347 people to do this job, and that your request for lesser staff is based on the OMB view of what you ought to be doing to meet the budgetary requirements.

Mr. BURNETT. It is my professional judgment that we need 347 people to do our job.

STAFFING

Senator LAUTENBERG. Thank you. Is it the size of the staffing—and I know you have very loyal, devoted, competent people in your organization; I've had occasion to see them onsite. And they work hard, as much as they can. Is there a danger that we impair morale, not intentionally, as a result of putting too much on operational commitment, let's say, a job completion, as a result of overstraining the organization?

Mr. BURNETT. Well, I think there is that danger. In fact, I think we've actually experienced it, because we felt the public wanted us to maintain our productivity at the levels we had before.

And we carried it to a point where I think we did have some crisis in the organization. We've had to recognize that we've got to be realistic as to what we can do, and say no to some things that we'd like to say yes to.

And I think it's somewhat expressed by the fact that the Federal Aviation Administration, for instance, will try to recruit our people based on the promise that they won't have to carry a beeper except for 2 or 3 weeks out of the year or something like that, whereas some of our people carry one almost all the time and live by it.

And that's hard on family life. It's hard on personal life. Fortunately, we have dedicated people who are willing to do that, and they know it is hard.

Senator LAUTENBERG. You have dedicated people. And they have a unique experience, for the most part. Their skill base is hard to come by.

Do you have a turnover problem—these are people who can find other things to do?

Mr. BURNETT. Not only risk it, but we have it. We have a turnover that's higher—and have had for several years—higher than we think is desirable for our agency.

RUNWAY INCURSIONS

Senator LAUTENBERG. You've just completed a study of the runway incursions, and other operational errors, at O'Hare. You found, as I understand it, a lack of coordination—I mentioned that in my comments—as a result of controller understaffing, inadequate supervision, insufficient training.

Do you see any similarity between the O'Hare situation and other cases you looked at in the special investigation of the 26 runway incursion incidents that you reviewed last year?

Mr. BURNETT. Well, I have no reason to believe that the O'Hare situation is an isolated example. I don't think, by any stretch of the imagination, O'Hare is typical of the nation's air traffic control system. It's obviously one of the most difficult facilities to work.

But I would suspect that if we did the same sort of examination at other facilities, we would find some of the same problems.

Obviously, we do watch the incident and accident rate situation. And the reason we did address that problem at O'Hare is because very disturbing things were developing there in terms of runway incursions and near midair collisions basically handled by the tower facility at O'Hare.

Senator LAUTENBERG. Do you think it's likely, given a continued shortage of controllers, that these problems are going to exist at other facilities around the country?

Mr. BURNETT. In fact, using O'Hare as a guide, I don't see any short-term solution for the problems, absent limiting—substantially limiting traffic, to get the traffic levels down to where they can be handled by

the staff that's there and still provide substantial amount of time for on-the-job training to be conducted to bring the people who are there who are developmental controllers up to full performance level positions.

And of course that has very powerful economic impacts on the whole region and the nation's air transportation system.

Senator LAUTENBERG. It certainly does. Imagine trying to bring down the traffic to the safe level because we're not willing to step up to the requirements necessary.

What we need is the traffic to be handled safely and expeditiously, timely, in the region, and to be able to conduct the kind of commerce, business, that we need too.

FAA SURVEILLANCE

Last year you painted a disturbing picture of FAA's surveillance of air carrier operations. In fact, you said that there was—if I quote you correctly here—there was actually no surveillance worthy of the name.

In the meantime, FAA has established certain minimum inspection requirements based on its operations SAFE study. The inspections work force is being increased, the Secretary tells us; the problem has been resolved.

Do you agree with that conclusion?

Mr. BURNETT. Well, I would agree with it if you strike "has been" to "is being."

Every indication I get right now is that the Federal Aviation Administration is doing a good job of designing a surveillance program that will be adequate to meet their responsibilities; that they've done it in a very scientific fashion; that if the resources are added that I presume that they're requesting, without getting into their budget document, that they'll be able to carry that out.

To say that it's something that's already in place fully would be, I think, misleading. But I'm not suggesting by that that they're doing anything less than they ought to be doing right now in order to get the job done.

Senator LAUTENBERG. So the process is in place though the goal hasn't been achieved?

Mr. BURNETT. We regard this as a major accomplishment of the Safety Board in having focused attention on their surveillance program. But we also want to congratulate the Secretary and the Administrator for having been as responsive to the proven need for a reorganization of surveillance and expansion of the resources given to it.

Senator LAUTENBERG. Last Saturday it was reported USAir had agreed to three-quarters of a million dollars in fines for failure to comply with the air worthiness directive that was issued in 1981 requiring inspection for possible cracks in the forward galley service doors, of DC–9's.

What's more, FAA only learned of this violation when USAir management disclosed it to the Agency; it was voluntary.

Does this suggest that the FAA has got some deficiencies in its surveillance program?

Mr. BURNETT. Well, I think what you see there was characteristic of the old surveillance posture, that was probably a tolerable situation when you had a noncompetitive airline industry; that basically, there's sort of a gentlemen's type of agreement, a vice president of maintenance that interfaced with the principal maintenance inspector, and it's a very nice, neat relationship.

In a competitive industry, in the short run someone, by cutting corners on safety, can survive whereas others won't survive. But ball games are often played that way. We think that you need to have a quick referee.

And the FAA was really not organized or did not have the resources committed to the job that it took to be a fast-whistle referee in a competitive game.

EXPANDED EAST COAST PLAN

Senator LAUTENBERG. Last month FAA began implementation of the expanded east coast plan. The plan reconfigured the air routes and airspace in the New York area and the eastern half of the continential United States.

Is it too early to ask you whether you have an assessment of the plan thus far?

Mr. BURNETT. Well, we've seen nothing so far, Mr. Chairman, that would cause us concern. No feedback coming from what's happening there that would cause that.

We are aware that a lot of people, including people internally within the FAA air traffic control system, the controllers involved, had concerns about it.

And it's not something that we feel at the Safety Board that we're in a position to fully assess. I think we have to expect the FAA to do that job. They're the ones that are budgeted and have the resources to do it.

But it's certainly something that we will want to watch to see if there's anything in the incident reports that will give us a clue to any problem that might be developing.

Senator LAUTENBERG. Mr. Burnett, I thank you very much for the opportunity to see you today, and for your forthright response to the questions.

I'm going to turn the subcommittee meeting over to my distinguished colleague, Senator D'Amato. And when you're finished, Senator, if you would, adjourn the meeting.

AIR TRAFFIC CONTROL

Senator D'AMATO [presiding]. Thank you, Mr. Chairman.

Mr. Burnett, I have several questions that really complement those that the chairman raised.

In asking Secretary Dole about the number of air traffic controllers for fiscal year 1988, the additional 225 which the Secretary requested, I posed the question as to increasing that level to 500.

Do you really believe 225 additional air traffic controllers, in light of what we've been talking about here regarding O'Hare airport, will

appreciably—or will raise the limit sufficiently to meet the standards that you would be satisfied with?

Mr. BURNETT. Senator, I think it's quite clear to us——

Senator D'AMATO. Do you think that question puts you on the spot?

Mr. BURNETT. Well, I don't have a way of answering it in a way that I think meets——

Senator D'AMATO. Could FAA use more than 225 to meet the goals of providing adequate air traffic safety?

Mr. BURNETT. It's clear to me that we don't have enough right now. Whether 225 is enough, or even 500 is enough, I have no way of saying.

And it's not a matter of being put on the spot. I don't mind at all taking a leap if I've got some basis. But I really don't have any basis for saying 225 or 500.

Senator D'AMATO. Well, you have a basis for computing out what 225 additional air traffic controllers would do.

Mr. BURNETT. Well, certainly, I think, from the standpoint of easing the safety situation, which is, I think, affected at certain key facilities by the lack of personnel, the more personnel available, the more easing we will have of that.

But of course, there has to be some determination of what is practical, feasible or needed. And we're not able to make it.

O'HARE INTERNATIONAL AIRPORT

Senator D'AMATO. Well, the Board's O'Hare study made clear that there were shortfalls.

How many additional controllers could FAA use at O'Hare?

Mr. BURNETT. Well, I will answer that correctly. I'll bring somebody up. But several more are needed.

Senator D'AMATO. Several?

Mr. BURNETT. Oh, yes, many.

Senator D'AMATO. You mean two?

Mr. BURNETT. No.

Senator D'AMATO. Three?

Mr. BURNETT. Many more than that. In terms of——

Senator D'AMATO. How many?

Mr. BURNETT. Mr. Kampschror, Director of our Bureau of Technology.

Mr. KAMPSCHROR. Senator, I believe the figures are contained in our recommendation to the FAA. Of course, FAA at that time was using two sets of figures, for the full performance level staffing.

But our figures showed that they were only at a 64 percent at best full performance level when we conducted the investigation. That was far below the average staffing level of 73 percent that the GAO found at the five busiest facilities in the United States.

Mr. BURNETT. I think the answer is 30 to 40.

Senator D'AMATO. At O'Hare?

Mr. BURNETT. At O'Hare.

AIR TRAFFIC CONTROL

Senator D'AMATO. And that's why I begin to wonder whether or not 225 really begins to meet the needs. I don't think it does. I don't think you really believe it does.

I think you qualify your answer by saying 225 would improve the situation. And obviously, if there's a shortfall——

Mr. BURNETT. The unfortunate thing, Senator, is that in the short run, the 225 won't improve the situation. It's going to take so long, because there's just not the personnel there, given the level of traffic they're working, to train the people.

And the training program is an on-the-job training program. So even the 225 or the 500 if added will not appreciably add to getting the full performance level controllers we need in the major facilities because they can't train them.

So it's a very frustrating situation. And no matter what numbers we're talking about, we're talking about a long-term shortage of crucial people at crucial facilities.

Senator D'AMATO. Well, I can understand the problem with providing on-the-job training.

But I have a very real feeling, after having this issue raised for a number of years now, that there has been a lack of concerted effort on the part of the FAA to really step up to the plate and adequately address the shortfall in terms of controllers.

And unfortunately, they have played a deadly game with OMB in meeting OMB's mandates, as opposed to standing up and really making a battle to achieve the kinds of levels necessary to guarantee air safety.

I think the admiral certainly does not receive any accolades, and should not; and has not been the kind of forceful advocate that an FAA Administrator should be. That's my own feeling.

DRUG TESTING

What is the Board's position on random testing, especially as contained in the legislation reported out this week by the Senate Commerce Committee?

Mr. BURNETT. Senator, the Board has been the forefront of those who believe that a mandatory testing program was needed for people who are commercial operators of vehicles in the nation's transportation industry, as well as for other critical safety professionals, such as air traffic controllers.

We have, however, not taken a position in favor of random testing; and I personally believe that a more appropriate program would be one that would require, as we now have in railroads, preemployment screening; would require, as part of the periodic medical examination, would require that drug testing be done, since a urine sample is going to be given as part of those examinations anyway; and that it would require a targeted program, sort of a rifle approach instead of a shotgun, as the

Federal Railroad Administration's program was designed, to do for-cause testing.

When you have an indication that there's some performance problem with a person, either because they were involved in an incident, they violated some safety rule, that they be tested as part of that investigation.

I think such a program would be somewhat less testing, and would have a more deterrent effect. And I have a great deal of concern that the random testing program, if you get the kind of sampling to the level that people are really going to expect, will involve so many tests that the ability of our nation's chemical establishment to do that in a competent manner may be strained.

So I certainly don't disagree with the concept of mandatory testing or the need to clean up our nation's transportation industry. The technique involved, I do have some disagreements with.

FAA LABORATORY TESTING

Senator D'AMATO. Well, that brings me to a point: I think you make a very valid observation. I've been contacted by your counterpart on New York's safety board. That board has still not received the results of the tests taken involving the Metro North train accident on February 17 where the employees were tested and results were forwarded to the FAA's laboratory pursuant to the Federal regulations.

Now, the Board had to conduct its hearings on March 6 without the benefit of that evidence. So clearly, the FAA's laboratory is currently backlogged, a situation likely to worsen with the expanded test requirements.

What recommendations can the Board make to remedy this situation? And have the Board's investigations been delayed while the FAA laboratory conducts necessary toxicological tests?

Mr. BURNETT. Well, Senator, we have chosen to use another laboratory for a great deal of our toxicological tests. And we thought that it was unfortunate that the Federal Railroad Administration chose to commit all of their testing to one laboratory as part of their rule.

They tied their hands there in the use of a laboratory that had to gear up in order to be able to meet the challenges, and still is not able to do all of the things that the laboratory in Utah is able to do.

We're even finding the same problem——

Senator D'AMATO. Excuse me. You know, when you make a valid observation, I think it's important to note it.

Would you submit to us a recommendation with respect to that observation that you've just made?

Mr. BURNETT. In the sense of responding further for the record as to what we think should be done?

Senator D'AMATO. Yes.

Mr. BURNETT. Yes, we will.

Senator D'AMATO. And don't you think that falls within your purview?

Mr. BURNETT. Oh, certainly, it does. In fact, our staff had suggested that recommendation to the Federal Railroad Administration when they were adopting their rule.

Senator D'AMATO. Would you send me your recommendation to the Federal Railroad Administration, and also a letter to me indicating what your recommendation as it regards that situation.

Mr. BURNETT. Yes, thank you. The Safety Board has not made a formal recommendation in this regard as we prefer, for the sake of management flexibility within the modal agencies, to keep our recommendations general in nature. However, NTSB staff has worked very closely with the FRA staff on this issue and has strongly recommended that two laboratories be utilized to assure more thorough and accurate analyses of samples.

Senator D'AMATO. We're talking about legislation being considered, and I think it's important that we focus in on this.

Mr. BURNETT. We're also, Senator, experiencing severe delays in getting reports from our laboratory that we're using at the University of Utah, which we consider to be the best, because of their workload situation.

So I think we're already sensing some limitations to our ability to get all the competent testing that we want to get.

Senator D'AMATO. Let me ask you one final question, and I would very much appreciate your communication to the FRA with respect to that rule establishing the one laboratory as a testing facility, and what you might suggest in the alternative.

I don't think it's sufficient just simply to oppose the selection of one laboratory, unless you have some other recommendations as well.

TRUCK SAFETY

Recently I met with representatives from the trucking industry who feel that the Federal Highway Administration does not place sufficient emphasis on trucking safety.

They recommended the creation of a separate motor carrier administration.

Now since the Board has experienced frustration with the Federal Highway Administration's delay in setting standards for truckdriver training, do you agree that more emphasis should be placed on trucking safety, and provide for the record the most significant outstanding Board recommendations to the Federal Highway Administration regarding truck safety, and a summary of responses to each?

Mr. BURNETT. We will certainly do that for the record. We agree that more emphasis needs to be placed on truck safety. We do not believe that there's an adequate, from either the federal or the state standpoint at this time, that there's adequate surveillance, enforcement or regulation of the nation's trucking industry.

And we're pleased to see that the American Trucking Association and others in that industry recognize that also.

Senator D'AMATO. And you will then provide us for the record the responses and your observations? We need that as soon as possible inasmuch as the highway hearing will be held next week.

Mr. BURNETT. We will make every effort to get it to you in time to prepare for this hearing.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

BUDGET REQUEST

Senator Lautenberg. Last year you testified that the Board required a minimum of 347 full time equivalent (FTE's) workyears to fulfill its statutory responsibilities. Your request for F.Y. 88, however, is for 310 FTE's and $23,560,000. This is a reduction of 14 workyears from the level provided for this year.

What impact does this chronic understaffing have on staff morale, turnover, and productivity?

Answer. Obviously, these fluctuations have been very disruptive to the Board's productivity and to employee morale.

The unrelenting pressure on key staff caused by increased workload demands, coupled with staffing at well below what is considered minimum levels, has resulted in a continuing loss of essential technical staff. As you know, the Board's staff is composed for the most part of highly trained technical specialists in all of the various transportation modes. Reductions in staff have forced the Board to eliminate almost all redundancy in these technical specialty areas to the point where there may be only one or two specialists in any given area. As a result, it is common for investigators to be on call 24 hours a day, seven days a week. This is one of the reasons why industry and other government agencies have been successful in hiring away the Board's technical staff.

Additional reductions of FTE promise to further compound our problem of maintaining experienced staff, and seriously threaten our ability to continue to perform several significant safety programs.

In general, the scope of the Board's accident investigation activity and the comprehensiveness of its aviation accident data base has been significantly and adversely impacted. The resulting scope, detail and number of our safety recommendations has been less than what could be achieved. Our ability to assure the effective implementation of the recommendations we do make through aggressive, persistent followup has been limited. Finally, the time it takes to issue major Board accident reports has increased 60 percent since 1981.

Over the last six years both our appropriation and authorization requests have reflected a staffing level of 347 FTE, which is still a sharp reduction from 1980 when the Board had approximately 400 staff. This is the minimum level that is necessary to carry out the Board's functions on a long term basis.

Senator Lautenberg. Are you compensating with higher overtime?

Answer. Unfortunately, the Board has been unable to fully compensate its staff with overtime. In order to maintain the

highest level of accident investigation and safety promotion activities, the Board has opted to reduce discretionary areas in lieu of staff. Approximately 70 percent of the Board's budget is for personnel compensation and another large percentage is for fixed costs such as space rent, telephones, mail, etc. This provides few options for the Board to consider when it is forced to absorb large increases in fixed costs or has to deal with the effects of across-the-board budget reductions. Payment for overtime worked typically is the first casualty. We have tried to cope by providing our investigators with compensatory time off. However, this is really no solution since it reduces the amount of available Safety Board resources to fulfill its mission.

Senator Lautenberg. Are you experiencing or risking staff burnout and turnover as a result?

Answer. We currently are experiencing roughly twice the rate of turnover as compared with the early 1980s. This problem is compounded by the fact that it takes six months to a year to recruit most of the specialists we need to investigate accidents. Staff burnout is hard to measure, but chronic staff shortages certainly would contribute to this problem.

Senator Lautenberg. Please provide your overtime statistics for the last three years for the record.

Response: Below are the overtime payments for the last three years. It does not include compensatory time.

	FY 1984	FY 1985	FY 1986
Overtime Payments	$295,000	$331,000	$322,000

Our current estimate for FY 1987, assuming we do not get a supplemental approved, would be $263,000.

F.Y. 87 SUPPLEMENTAL

Senator Lautenberg. You are requesting no F.Y. 87 supplemental funding for the costs of the pay increase and the new Federal retirement system (FERs). Instead, you are asking for $692,000 in F.Y. 1988 as a "partial restoration" of these costs.

Isn't this a disruptive way to manage your financing? Why, if you are going to have to restore the funds in F.Y. 88, aren't you requesting them for F.Y. 87?

Answer. The Board submitted two separate requests to OMB for supplemental funding for the FY 1987 costs of the pay raise ($350,000) and the new Federal Retirement System ($412,000). Unfortunately, neither request was approved, forcing us to make significant one-time reductions in our discretionary areas such as temporary staff, overtime, awards, permanent changes of station, and equipment purchases. Indeed, such severe reductions are very

disruptive, and cannot be maintained on a long-term basis without seriously affecting the Board's ability to effectively accomplish its programs.

Therefore, we are hopeful that Congress will approve a supplemental appropriation for 1987. Also, we are requesting a partial restoration of these funds in FY 1988.

CHICAGO O'HARE

Senator Lautenberg. You have just completed a special study of runway incursions and other operational errors at O'Hare. You found, as I understand it, a lack of proper coordination which resulted from controller understaffing, inadequate supervision, and insufficient training.

Don't you think it is likely that given the continued shortage of controllers, these problems exist at other facilities throughout the system?

Answer. The Safety Board is aware that controller staffing shortages, similar to those identified at O'Hare, exist at other major ATC facilities. For example, during a recent accident investigation involving a runway incursion collision between a Continental Airlines Boeing 727 and a Cessna 310, Safety Board investigators found significant staffing shortages at the Los Angeles Airport Tower. The facility is authorized 27 full performance controllers (FPL). At the time of the accident there were 14 FPL and six developmental controllers assigned to the tower.

FAA SURVEILLANCE

Senator Lautenberg. Last year you painted a very disturbing picture of FAA's surveillance of air carrier operations and maintenance. In fact, you said that in several of the cases the Board has investigated, "there was actually no surveillance worthy of the name." In the meantime, FAA has established certain minimum inspection requirements based on its operation SAFE study, the inspection workforce is being increased, and the Secretary tells us that the problem has been resolved.

Do you believe the FAA has taken care of the problem? What additional actions does FAA need to take to assure adequate surveillance of airline operations and maintenance?

Answer. The FAA has been responsive, for the most part, to the Safety Board's safety recommendations by recognizing that the number of inspectors and their training are inadequate, that the standards for systematic inspection of air carriers need improvement and expansion, and that the management and information systems regarding inspection and surveillance are deficient. The FAA is implementing the intent and objectives of the Safety Board and Project SAFE recommendations to upgrade and improve the air carrier surveillance program. The FAA is hiring new inspectors and providing them with enhanced training, revising and improving administrative and operational procedures handbooks and

implementing an ongoing program of team inspections of air carriers and repair stations. These efforts will take time to complete and fully implement, but we believe that the FAA is on course toward establishing a much improved and more effective air carrier surveillance program.

Senator Lautenberg. Just last Saturday, it was reported that USAir had agreed to pay $750,000 in fines for failure to comply with an airworthiness directive issued in 1981 requiring inspection for possible cracks in the forward galley service door on DC-9s. What's more, FAA only learned of this violation when USAir management disclosed it to the agency.

Does this suggest to you that FAA has corrected the deficiencies in its surveillance programs?

Answer. No. Based on this particular incident, we would have to say that the FAA has not completely corrected its surveillance problems; however, we are aware of their extensive effort to initiate programs to ensure more effective surveillance in the field. Based on our knowledge of those work programs which have been in force about a year now (October 1, 1986), it appears that they are taking adequate steps to ensure that this type of oversight is less likely in the future.

Senator Lautenberg. Doesn't FAA have a procedure for assuring that air carriers comply with airworthiness directives?

Answer. Yes. As part of the normal duties of the Principal Maintenance Inspector (PMI) for a particular air carrier, the PMI is tasked and is responsible for ensuring that the air carrier is in compliance with directives. He/she can accomplish that a number of different ways. Usually the inspector places most of the burden of compliance on the carrier by asking the carrier to show documented proof (records) of compliance.

The PMI looks up the registration numbers of the airplanes in the operation's fleet and then compares the applicable AD list in the master document against the airplanes. He/she then tells the operator to show the FAA where the carrier has complied with the directives.

Senator Lautenberg. Doesn't FAA do routine followup inspections to confirm compliance with its directives? Why or why not?

Answer. Yes. The FAA does generally do routine followup inspections. This is among the normal duties and responsibilities of the PMI. He/she not only must assure that directives are incorporated in the operations maintenance program and procedures, but must also confirm by followup review of the completed actions.

Within the work program management system (WPMS), when discrepancies are found an inspector can either commence an enforcement report or hold the file open and advise the operator that the deficiencies have to be corrected by a certain date. The report cannot be closed out until the inspector ensures that the deficiencies are corrected.

WPMS has been in the field for about three years. National Program Guidelines have been effectively on-line in the field for about a year and a half now. It was initiated following NATI in July 1984.

However, the Safety Board has observed several instances where staffing shortages have diverted FAA inspectors to other priority activities; thus, delaying followup inspections.

Senator Lautenberg. Has the Board ever considered this matter?

Answer. Yes. We have made numerous recommendations to the FAA Administrator with regard to surveillance. For example, as a result of investigation of the Eastern L-1011 three-engine failure incident in 1984, the NTSB issued the following recommendation: "Require the Federal Aviation Administration's Principal Maintenance Inspectors to document and report periodically on the effectiveness of FAA-directed actions to correct deficiencies detected during surveillance activities."

AVIATION SAFETY INDICATORS

Senator Lautenberg. One of the things we need to get settled is how we should measure or gauge the level of aviation safety. Should we just count the number of fatalities as Administrator Engen suggests or should we use "operational errors" or other indicators as a good measure of safety? What is the Board's position?

What indicators of safety should we use to tell how well we are doing?

Answer. There are no hard and fast indicators of aviation safety, although the Safety Board believes that the use of aviation accident and fatality rates are useful, especially when used in a broad sense to measure the overall level of aviation safety on an annual and year-to-year basis. However, these rate data may not be the best indicator of the operational safety of the system.

The Board monitors indicators in several areas, one of the best being investigations of incidents. We can learn a great deal about what is going wrong through incident investigations, hopefully in time to make recommendations to prevent accidents. A good incident investigation includes a close look at the operations and maintenance sides of commercial aviation activities.

Other safety indicators include the number and types of operational errors and near midair collisions (although near midair collisions are subjective in that reporting is voluntary).

TRANSPONDERS

Senator Lautenberg. You mention in your statement the two midair collisions we've had this year. In addition there have been at least two other very close calls -- one over northern New Jersey and the other over the Los Angeles area. In most of these cases, there is some question as to whether the noncommercial craft involved and its altitude were reflected on the controller's radar scope.

The Secretary of Transportation has recently announced that FAA will extend the rule requiring altitude reporting (Mode C) transponders to another 14 terminal control areas (TCAs). The Board has issued a number of recommendations regarding transponders over the past several years. Do you think the Department's stated policy goes far enough? What would you prefer to see implemented?

Response: The Safety Board believes that the FAA should require mode "C" transponder equipment for operations within a TRSA I and Group II TCA, and require that a pilot of a VFR flight traversing a TRSA I, establish radio contact with the appropriate ATC facility before entering the designated airspace.

Senator Lautenberg. The Conference agreement on the Continuing Resolution directed FAA to initiate a rulemaking on requiring all aircraft in controlled airspace to have Mode C transponders.

Are you participating in this proceeding? What recommendations have you offered?

Answer. No. Since 1969, the Safety Board has issued at least nine safety recommendations requiring the development and implementation of a collision avoidance system for use on all air carrier airplanes. The FAA is presently developing and testing the airborne Traffic Alert and Collision Avoidance System (TCAS). TCAS is enhanced when intruder airplanes are equipped with Mode C altitude reporting and, also, ground based radar conflict alert software can alert controllers to potential conflicts when both airplanes are similarly equipped. The Safety Board supports rulemaking which will require Mode C equipment in civil and military airplanes, especially in those that operate in or near airspace used by commercial air carrier airplanes.

EXPANDED EAST COAST PLAN

Senator Lautenberg. Last month FAA began implementation of the Expanded East Coast Plan which, as you know, reconfigures air routes and air space over most of the Eastern half of the continental United States. The plan added ten new departure routes and three new arrival routes in the New York/New Jersey area. I wrote you at that time asking that you step up your monitoring of operational errors and other safety indicators as the Plan is being implemented.

Have you detected any change in safety related indicators?

Answer. The Safety Board's staff has been briefed on the FAA's Expanded East Coast Plan (EECP). The first briefing was on February 12, 1987, the day the plan was implemented, and more recently on March 6, 1987, the FAA provided an update briefing concerning the EECP's three plus weeks of operation.

There have been no ATC system operational errors, near midair collisions or incidents that are related to the EECP. The user community is pleased with the new departure and arrival operations. We were advised that the air traffic controllers reported that there are some routing problems that need to be worked out but, in general, they were very satisfied with the new operation.

One of the principal objectives of the EECP was to reduce traffic delays. Preliminary data provided to the Safety Board by the FAA indicate that the number of delays have been reduced as a result of EECP. The combined delays at Philadelphia, Newark, La Guardia, and Kennedy Airports were reduced from 6,000 in January to 4,000 in February 1987.

COAST GUARD ALCOHOL RULES

Senator Lautenberg. The 1984 Coast Guard authorization established both civil and criminal sanctions for operating a vessel while intoxicated. (Note: Civil - up to $1,000; Criminal - up to $5,000 and/or imprisonment for up to 1 year.) The Coast Guard has recently (February 9) issued a proposed rule for implementing this law. You have issued recommendations to the States on this subject.

Is the Coast Guard's proposed rule consistent with your recommendations?

Answer. We are still reviewing the Coast Guard's proposed rule and have not yet completed our analysis.

Senator Lautenberg. Have you commented on the Rule?

Answer. Comments will be prepared upon completion of our review, and will be submitted to the Coast Guard by the May 11 deadline. However, we are encouraged that the Coast Guard has been able to proceed to this stage of the rulemaking process.

Senator Lautenberg. What are your recommendations?

Answer. On November 7, 1983, the Safety Board made the following recommendations to the states:

--Adopt legislation to clearly define the level of legal intoxication for recreational boat operators in order to strengthen each state's enforcement program for reducing accidents, fatalities, injuries, and property damage caused by the use of alcohol.

--Adopt legislation to allow a chemical test of blood, breath, or urine if a recreational boating operator is suspected of being intoxicated and toxicological tests in the event of a recreational boating accident fatality.

--On April 7, 1986, the Safety Board made a similar recommendation to the U.S. territories:

--Adopt comprehensive legislation addressing the problem of alcohol-involved recreational boating accidents, including but not limited to a clear definition of intoxication in terms of the level of blood alcohol concentration for recreational boat operators, a provision allowing a chemical test of blood or breath if a recreational boating operator is suspected of being intoxicated, and a provision requiring toxicological tests of operators and of all persons fatally injured in a recreational boating accident.

In response to the Advance Notice of Proposed Rulemaking which preceded this NPRM, the Safety Board provided extensive comments which are likely to provide the basis for our comments to the current proposal. There are several areas in which the February 9 proposal differs from Safety Board positions:

Definition of Intoxication. The Safety Board recommended that the standard for recreational boaters be set at 0.08 BAC, but the Coast Guard has proposed 0.10 BAC. Likewise, we urged a BAC standard of 0.00 for commercial operators which was rejected in favor of a 0.04 BAC standard.

Adoption of State Standards. The Safety Board urged that the Coast Guard not adopt state laws by reference so that it would not be put in the position of trying to enforce a multitude of different standards. However, the Coast Guard proposal would adopt by reference those state laws which provide an objective definition of intoxication, but would also maintain its own behavioral standard. This appears to be only a partial acceptance of the Safety Board's position.

Scope of Coverage. The February 9 proposal calls for three sets of standards: one for vessels subject to a manning requirement; one for commercial vessels not subject to manning requirements; and one for recreational vessels. This appears to include all vessels, but the Safety Board is studying the question of whether the appropriate standard is applied to certain types of vessels. For example, we are still analyzing the proposal's application to offshore industrial vessels (such as supply boats and lift boats) and commercial fishing vessels. We have not yet reached a conclusion on the proper resolution of this issue.

Senator Lautenberg. Will the Rule as drafted provide coverage of sufficient scope?

Answer. Since our review of the rule is not completed, we are unable to respond to this Senator Lautenberg.

NEW JERSEY BUS COLLISION

Senator Lautenberg. I understand that the NTSB has underway an investigation of the recent head-on collision between two buses in the express lanes to Lincoln Tunnel.

Have you any recommendations to make on the basis of that investigation?

Response: Although the Board is investigating the New Jersey bus accident, no recommendations have been made to date. We will be sure to furnish the Committee with a copy of any recommendations that may develop.

Senator Lautenberg. When do you expect to complete the investigation?

Answer. We expect final action by the Board on this matter in late summer of 1987.

FAA SURVEILLANCE

Senator Lautenberg. I understand the Board initiated a study of FAA's surveillance of air carrier maintenance in 1985.

What is the status of that study? When do you expect to complete it? Do you have any preliminary conclusions or recommendations based on the work to date?

Answer. The Safety Board initiated a safety study on the "Effectiveness of FAA Surveillance of Air Carriers" in July 1985. This study was to have focused on Safety Board accident investigation findings and safety recommendations that were developed during the recent past. Since the study was started the General Accounting Office, the National Air Transportation Inspection (NATI), and the Safety Activity Functional Evaluation (SAFE) have provided detailed investigations and audits of the FAA's surveillance programs and issued specific recommendations to improve the total system. All of these studies supported the Board's findings that improvements were needed. The Safety Board's awareness of these studies and the FAA's recognition and response to address the deficiencies, combined with its limited staff resources, resulted in the formal safety study being discontinued. Instead the Safety Board decided to monitor FAA's efforts to correct the problems that have been identified.

Senator Lautenberg. I understand that over the years NTSB has made a number of recommendations to FAA on ways to improve its air carrier surveillance program.

Has FAA implemented all of your recommendations? Of the recommendations that have not been implemented, which are the most important? Which would make the greatest contribution to improved safety?

Answer. The FAA has been responsive, for the most part, to the Safety Board's recommendations. Major recommendations still open include the issues of inadequacy of the number of inspectors and their training, the need for improvement and expansion of the standards for systematic inspection of air carriers, and the deficiency of the management and information systems regarding inspection and surveillance.

The FAA is implementing the intent and objectives of the Safety Board and project SAFE recommendations to upgrade and improve the air carrier surveillance program. The FAA is hiring new inspectors and providing them with enhanced training, revising and improving administrative and operational procedures handbooks and implementing an ongoing program of team inspections of air carriers and repair stations. These efforts will take time to complete and fully implement, but we believe that the FAA is on course toward establishing a much improved and more effective air carrier surveillance program.

RUNWAY INCURSIONS

Senator Lautenberg. The Board has been doing a good deal of work over the past two years on runway incursions and other

operational errors. Your special investigation of 26 runway incursions resulted in 14 recommendations for FAA.

Would you summarize the major recommendations and bring us up-to-date on their status.

Answer. As a result of the Safety Board's Special Investigation of the 26 runway incursions, 14 safety recommendations were directed to the FAA. In general, the recommendations called for:

--Improved training of tower controllers, including the use of tower cab simulators and the development of more effective memory aids;

--Better tower cab supervision and coordination between control positions;

--More precise and standardized operating practices by both controllers and pilots;

--Improved FAA reporting, investigating and analysis of runway incursion incidents; and,

--Improved runway and taxiway signs.

Senator Lautenberg. Has FAA implemented them?

Answer. The Safety Board is awaiting the results of several FAA initiatives instituted as a result of its recommendations. Although many of the FAA's stated intentions are consistent with Safety Board objectives, most of the actions are incomplete, and therefore, the status of the recommendations are being held in an "open" status, allowing the Board to evaluate the FAA's progress.

Four of the recommendations have been closed because of acceptable action by the FAA. The FAA actions already taken include: (1) the issuance of a General Notice (GENOT) to all FAA control towers directing greater emphasis on coordination between control positions; (2) a procedural change standardizing ground and local controller responsibilities during runway crossings; (3) notification of all facility managers stressing the importance of "quality air traffic services versus the quantity of air traffic movements;" and (4) a procedural change requiring controllers to state (when more than one runway is active) the runway number when providing takeoff or landing clearances.

The FAA has advised the Safety Board that the following relevant actions are in progress:

--FAA Academy mock-up labs are being constructed and tower cab simulation lab facilities are expected to be funded for controller training in fiscal year 1988.

--The FAA Academy has been requested to develop scan training courses for tower and radar controllers.

--Controller "tape talks" will be used as a performance evaluation tool in the future. (It had been used in the past as a non-evaluatory, self-help program.)

--A task group has been formed to evaluate operational errors and to address controller memory limitations.

--An Advisory Circular stressing pilot roles in the prevention of runway incursions is being developed by the FAA.

--Improvements in pilot deviation, operational error, and near midair collision data collection and analysis have been implemented or are in progress.

--An FAA/industry group has been formed to evaluate present standards for marking and signing at controlled airports.

The Safety Board is pleased with the initial response of the FAA to the Board's recommendations although much work still needs to be done to eradicate the runway incursion threat. The Board receives reports on a regular basis which demonstrate that the problem is still with us. For example, the Board is currently investigating an accident which occurred in Los Angeles on February 25, 1987, when a Continental Airlines Boeing 727 collided with the vertical fin of a Cessna 310 airplane. The Cessna had been cleared to cross the runway by a ground controller after coordination was effected with the local controller. The Board has learned that the involved local controller has been involved in three other runway incursion incidents. The investigation of that accident continues, and additional safety recommendations will be issued if deemed necessary.

CVRs/FDRs

Senator Lautenberg. In your prepared statement, you underscore once again your recommendations that FAA require Cockpit Voice Recorders (CVRs) and Flight Data Recorders (FDRs) on commuter and multi-engine, turbine powered general aviation aircraft.

Would you explain more fully why you think this should be done?

Answer. The Safety Board has been concerned by the substantial growth of the commuter air carrier fleet and the lack of CVR/FDR requirements. The number of passengers carried by commuters between 1981 and 1986 has grown by 63 percent. This growth has required the acquisition of newly manufactured aircraft designed specifically for the commuter market. Most of these new aircraft are over 12,500 pounds, but since they carry from 20 to 30 passengers, they can be operated without flight recorders under the commuter rules rather than the more stringent standards levied upon domestic and flag air carriers.

A number of these newly manufactured airplanes employ state-of-the-art avionics and control systems, such as the so called "glass cockpit." These new digital systems will present some unique and potentially insurmountable problems to accident investigators. Much of the post accident cockpit documentation, such as switch and

instrument positions, that have proven so vital in past investigations, will no longer be available. On the more positive side, the availability of vast amounts of pertinent information on digital databases will greatly enhance the technological and economical feasibility of flight data recorders on airplanes of all sizes.

The commuter air carrier industry currently is undergoing technological and operational changes, comparable to that faced by the air carrier industry some 16 years ago when wide-bodied jets were introduced. At that time, the existing flight recorder requirements were determined to be inadequate, and a new set of standards developed. Unfortunately, the FAA decided that the new recorder standards applied only to aircraft with a type certification subsequent to September 30, 1969, regardless of the date of manufacturer. A rulemaking issued March 18, 1987, entitled "Flight Recorders and Cockpit Voice Recorders," is testimony as to how flawed the decision was. This new rule mandates that those aircraft not required to carry digital recorders be retrofitted to accept a digital recorder with an expanded list of parameters. The additional expense associated with a retrofit as opposed to a new installation is apparent; what is not apparent is the loss of vital accident data due to the lack of an adequate recorder system. We will never know how many lives or millions of dollars could have been saved had the changes outlined in the new rule been implemented 16 years earlier. The FAA is now in a position to make a similar decision concerning CVR and FDR requirements for commuter air carriers.

Two recent occurrences exemplify the need and benefits of flight data and cockpit voice recorders. The first occurrence involved a regional air carrier, operating a 42-passenger turboprop airplane. During a landing approach, control was lost and the aircraft rolled abruptly to the right and left, descending 600 feet before the crew could regain control. A second aircraft operated by the same operator had a similar but far less severe encounter. The FAA moved promptly to restrict operations into forecast icing conditions until the airworthiness of the airplane could be further evaluated. The flight data recorders from both aircraft and CVR from the first aircraft were pulled and analyzed. The recorded data clearly identified the cause of the loss of control and thus allowed for a prompt implementation of corrective action and the reinstatement of the aircraft icing certification. This all took place within a matter of days.

In stark contrast is the March 4, 1987, fatal accident at Detroit where a commuter air carrier crashed while on final approach. Without a CVR or FDR, the investigation is limited to witness statements, ground impact marks, badly damaged and burned wreckage and limited recorded radar data. As a result of extremely limited data coming out of the investigation and some preexisting questions as to the compliance with certain airworthiness requirements, the FAA is sending a flight test team to Spain to recertify the airplane's flight characteristics by means of a flight test program. In the interim, however, there are 27 of these airplanes in the U.S. and 300 worldwide operating without restriction and without a determination as to what caused the accident or even what

exactly happened. The aviation community, and the commuter industry in particular, cannot afford to identify its safety problems by the accumulation of accident statistics. The public expects and deserves a prompt and accurate determination of cause and should not be subjected to a repeat of unresolved accidents. The Safety Board is confident that, in the case of the Detroit accident, the recommended CVR/FDR systems would have provided data of sufficient quality and quantity to determine if a specific safety problem unique to this make and model aircraft existed or if the accident was caused by some unforeseen circumstance.

Senator Lautenberg. What do such devices typically cost?

Answer. To date, there is only one recorder manufacturer that has developed a recorder for the general aviation market that meets the technical standards given in SAE 8039, "Minimum Performance Standards, General Aviation Flight Recorders," and the intent of the Safety Board's recommendations. This recorder would cost $17,000 to $19,000 and records both CVR and FDR information simultaneously.

There are a number of other developments currently underway that could have a significant bearing on the cost of any future general aviation recorders. The U.S. Army has just embarked on a prototype program to install 200 flight data recorders in their UH-64 Blackhawk helicopters. These recorders are a standard off-the-shelf version of a digital data recorder currently in use by a number of U.S. and foreign air carriers. This prototype program is merely a prelude to a much larger program which calls for solid-state flight data recorders to be installed on their entire fleet of aircraft. The technological spinoff for general aviation flight recorders is obvious. These small lightweight recorders will be retrofitted into existing aircraft with systems similar to those generally found in the commuter air carrier fleet. The U.S. Air Force is currently flying solid-state crash recorders on the F-16, B1, and T-46 aircraft. In addition, a solid-state replacement for the 25-hour air carrier flight data recorder has been proposed by one recorder manufacturer and is under development by others.

Senator Lautenberg. Why has FAA refused to implement your recommendation?

Answer. The FAA has cited cost as the main reason for not requiring FDR's and a retrofit of CVR's on commuter air carriers. Although the FAA recognizes the benefits of recorders, as evidenced by Notice of Proposed Rulemaking 85-1, "Flight Recorders and Cockpit Voice Recorders" (now a rule, as noted above), which encourages the voluntary installation of approved flight data recorders and the soon-to-be-adopted Technical Standard Order (TSO C-111), "General Aviation Flight Recorders," they have not seen fit to make them mandatory. The problem, however, comes with the cost-benefit constraints imposed by Executive Order 12291 and the FAA's approach to determining the cost of implementing the Safety Board's recommendations. The Board feels that the FAA's cost-benefit evaluation is flawed in that it does not reflect the intent of the Board's recommendations, which is to phase in recorders as they become economically feasible, while taking immediate action to

prewire aircraft to minimize the retrofit expense. It is further flawed in that it does not truly reflect the state-of-the-art in recorder technology.

In 1978, the Board issued a series of recommendations that addressed the need to develop a CVR/FDR system suitable for use in complex general aviation aircraft. These recommendations called for the development of flight recorder standards, the funding of research and development for a low-cost FDR and CVR and the amendment of 14 CFR to require CVRs on turbine-powered aircraft capable of carrying six or more passengers and requiring two pilots. To date, the FAA has responded only in part by participating in the Society of Automotive Engineers' Subcommittee that developed aerospace standard 8039 which contains the minimum performance standards for general aviation flight recorders and by the adoption of the rule change that requires CVRs on air taxi operations involving turbojet aircraft capable of carrying ten passengers or more. The recommended research and development efforts, which were nearly nonexistent for most of the intervening years, has all but ended with the retirement of the one individual assigned to the task.

In 1982, the Board produced a second round of recommendations that called for the prewiring of newly manufactured multiengine commuter aircraft capable of carrying six or more passengers to accept general aviation FDR/CVRs when they become commercially available, and to retrofit those currently in service with CVRs. The FAA has responded by implementing a rule change that would require only CVRs on newly manufactured Part 135 multiengine aircraft capable of carrying six or more passengers.

The Board feels that, because of the FAA's failure to adequately respond to the recommendations made in 1978 and 1982, the cost of providing a suitable flight recorder system on commuter aircraft is unnecessarily higher. The lack of an adequate R and D effort and the lack of prewiring are two elements that contributed to the increased cost.

Fortunately, the aviation industry has not been waiting for the FAA's leadership in the area of flight recorders. Technology has progressed, and we now have a number of solid-state flight data recorders in operation on military aircraft which could be adopted for use in the commuter fleet. To the best of our knowledge, these recorders were not factored into the FAA's most recent cost-benefit evaluation. It is essential, however, that the prewiring of newly manufactured aircraft and a renewed R and D effort begin at the earliest possible date so as to minimize any retrofit requirements.

Senator Lautenberg. The Board has also recommended that FAA require a technical upgrading of the FDRs on large transports.

Please summarize the substance of and reasons for this recommendation.

Answer. The Safety Board first expressed its concern about the adequacy of information obtained from aircraft flight data recorders in 1974 when it issued Safety Recommendations A-74-15

through -17. Since then, the Board has made a number of additional recommendations further defining our concern and need for improved requirements. The FAA responded to a series of 1982 recommendations by issuing Notice of Proposed Rulemaking (NPRM) "Flight Recorders and Cockpit Voice Recorder," Notice No. 85-1, which was published on January 8, 1985. Although the Safety Board strongly supports the FAA's action to upgrade the FDR requirements as proposed in NPRM 85-1, it also notes that proposed rules will not entirely satisfy the intent of the safety recommendations. The specific shortcomings of the proposal include:

1. The proposed revision would require the installation of expanded-parameter digital flight recorders on new airplanes manufactured after some future date regardless of the date of the airplane's original type certificate; however, the parameters required to be recorded or determinable would be the same as those currently required on airplanes having an original type certificate issued after September 30, 1969, as described in the current Part 121.343(a)(2) and Part 121, Appendix B. The Safety Board does not agree that this current parameter requirement is optimum.

Those parameters which are required for the present expanded parameter recorders undoubtedly were selected with the foresight available in 1970 when the rule was last amended. Considerable experience has accrued during the intervening 15 years which has permitted the Safety Board to evaluate the usefulness of required parameters and the potential significance of some which are not required. For example, the Safety Board has determined that a measure of longitudinal acceleration is essential to relate airplane performance to thrust, configuration, environmental winds, and runway braking conditions. Several operators measure and record longitudinal acceleration (although it is not a current requirement), and the Safety Board has used this acceleration measurement in the analysis of several accidents. A positive benefit derived from these analyses has been an enhanced understanding of windshear phenomena and the development of more viable pilot training programs. Conversely, the Safety Board has rarely used lateral acceleration in the analysis of an accident, although situations can be theorized wherein this measurement would be useful. The Safety Board has also noted that there may have been too little consideration for the compatibility of the specified resolution and the parameter being measured when Part 121, Appendix B, was formulated. For example, the Safety Board found that the resolution for the stabilizer trim measurement on one wide-bodied airplane was too coarse to provide a meaningful analysis of accident cause.

2. Although the Board concurs with the new rule to require that those airplanes operating under Part 121 which are currently permitted to be equipped with the foil-type recorders be retrofitted with a digital-type recorder within two years of the effective date of the rule change, we believe that the ultimate requirement for an expanded, limited parameter, digital recorder aboard these airplanes should be expedited. Further, the Board urges FAA to require that longitudinal acceleration (or ground speed, if available) be recorded to provide for an analysis of environmental effects on airplane performance following an incident or accident.

Answer. The information requested is below.

	310 FTE	324 FTE	347 FTE
Full-time Equivalent (FTE)	310	324	347
Safety Recommendations Issued	380	400	430
Major Reports			
Aviation--Domestic	7	8	11
Railroad	7	8	11
Highway	6	6	8
Marine	8	8	12
Hazardous Materials/Pipeline	6	6	6
Total	34	36	48
Field Reports			
Aviation--Domestic	3,040	3,200	3,770
Railroad	177	185	270
Highway	220	230	285
Marine	45	47	47
Hazardous Materials/Pipeline	23	24	26
Total	3,505	3,686	4,398
Foreign Investigations--Aviation	45	47	47
Public Hearings	9	9	10
Safety Studies	7	8	9
Rulemaking Reviews	45	47	47
Appeals--Closed	695	730	760

AUTHORIZATION

Senator Lautenberg. What is the status of your authorization bill?

Answer. The House Public Works and Transportation Committee has introduced H.R. 11 which is the same as last year's House version of the legislation. Unfortunately, H.R. 11 does not take into consideration substantial and uncontrollable increases for such items as the recent general pay raise and the new Federal Employee Retirement System. Therefore, we support the Senate Commerce, Science and Transportation Committee's version, S. 623, which provides $26.2 million in FY 1988, $27.5 million in FY 1989, and $28.8 million in FY 1990. The other change in the Senate version is to update the years for which the Board would be authorized from FY 1987-89 to FY 1988-90. We are requesting a funding level to support 347 FTE positions which is the same staffing level requested last year.

The Senate passed S. 623 on March 25, 1987. The House has yet to act.

Senator Lautenberg. Last year, the President vetoed your authorization bill because, in part, it was over his budget. Do you think he will sign it this year?

Answer. The Board certainly hopes for the President's support of its authorization, but has no indication at this time whether or not he will sign this year's proposal.

NTSB REIMBURSEMENT

Senator Lautenberg. In your testimony on your authorization bill, you requested authority to charge other agencies and foreign governments for the use of your services and facilities and have the proceeds credited to your appropriation. You also requested similar authority with respect to the fees you already charge for your training school.

What is your estimate of proceeds from these charges?

Answer. H.R. 11 would allow the Board to accept funds from state, local, and foreign governments in return for providing accident investigation services to those entities and apply those funds to the Board's appropriation. We estimate that such reimbursements would be approximately $50,000 annually.

H.R. 11 also would allow the Board to collect funds from outside attendees at our accident investigation school in order to defray some of the costs to the Board and to allow the Board to conduct more frequent classes. We estimate that approximately $75,000 in tuition payments would be received annually.

Senator Lautenberg. Your proposed appropriation language for F.Y. 88 does not include language providing for the application of fee income to your appropriation.

Would you supply such language for the record?

Answer. The language follows.

Salaries and Expenses

For necessary expenses of the National Transportation Safety Board, including hire of passenger motor vehicles and aircraft; services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for a GS-18; uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901-5902), [$22,240,000] $23,560,000, of which not to exceed $500 may be used for official reception and representation expenses: Provided that there may be credited to this appropriation tuition funds received from non-NTSB students attending the Board'saccident investigation schools to defray the cost of their training: Provided further, that there may be credited to this appropriation reimbursements received from state, local and foreign governments for accident investigation goods and services supplied by the Board.

SYSTEMWIDE ATC ASSESSMENTS

Senator Lautenberg. I understand that NTSB has done two system assessments of FAA's air traffic control system. Do you plan to replicate these studies in the near future?

Answer. At the present time the Safety Board has no plans to conduct an assessment of the FAA's air traffic control system.

Senator Lautenberg. Could you carry out such an assessment within the resources you are requesting?

Answer. No, not without jeopardizing current activities.

Senator Lautenberg. What, if any, additional resources would be required?

Answer. We would need to be staffed at the 347 FTE level before we cold even consider such a systematic evaluation.

HAZARDOUS MATERIALS REGULATION

Senator Lautenberg. You indicate that you are "monitoring the progress" of DOT's rulemaking on flammable solid hazard classification.

What is the status of that rulemaking?

Answer. The Department of Transportation (DOT) issued its Notice of Proposed Rulemaking (NPRM) on November 20, 1986. The NPRM proposed amending paragraph 172.101 Hazardous Materials Table by adding "Sulphur, molten" to the table, classifying it as a flammable solid, and regulating this material only to require shipping papers for its transportation and marking and labeling of containers and vehicles used for transporting molten sulphur. No standards are now specifically proposed concerning containers used for transporting molten sulphur. Additionally, the NPRM solicits comments on the nature and scope of the transportation of molten sulphur and other molten materials currently not regulated as hazardous materials. This to assist the DOT in evaluating whether other materials should be regulated and whether specific packaging standards are necessary for the safe transportation of these molten materials.

On February 24, 1987, the Safety Board filed with the DOT comments on the NPRM. Included was information on two additional accidents involving the release of molten materials (another release of molten sulphur and a release of molten aluminum). Additionally, to the extent the Safety Board had information, responses were made to the questions presented in the rulemaking. DOT now is reviewing the responses it has received to determine what final and/or further actions it will take for regulating molten materials.

Senator Lautenberg. What are your major recommendations on this issue?

Answer. Safety Board Recommendations I-85-19 and I-85-20 concerning the DOT's present action called for the DOT to take priority action for developing clear and objective criteria for shippers to use in determining what materials should be included under the hazard classification "Flammable Solid."

Additionally, the Safety Board recommended that the DOT regulate molten sulphur and as appropriate, other molten materials by

prescribing packagings and handling standards and to incorporate into its warning devices (placards for example) and into its emergency response guidelines that are used by emergency responders information on the hazards of these materials.

Senator Lautenberg. Do you think the final rule is likely to incorporate your recommendations?

Answer. The Safety Board believes it is doubtful the DOT will incorporate completely its safety recommendations. This belief is primarily based on the fact that the DOT's hazardous materials identification and classification system is limited by its failure to take into account hazards to people away from the immediate scene of a release of material and its failure to consider injuries other than those that are acute.

Senator Lautenberg. What role are you taking in the rulemaking?

Answer. The Safety Board will continue to monitor DOT's actions on this rulemaking. Furthermore, we will analyze any additional accidents that involve the transportation of molten materials and provide this information to the DOT for its consideration in taking final action on this rulemaking.

LAP BELT HIGHWAY STUDIES

Senator Lautenberg. Does NTSB plan any more special studies in the area of highway safety similar to the lap belt study published in August 1986?

Answer. The Safety Board is working on a study of the performance of lap/shoulder belts in crashes involving passenger cars and vans manufactured since 1974. Data on lap/shoulder belt performance have now been collected for more than 170 cases.

Preliminary analysis of these cases has not revealed any instances of serious lap/shoulder belt-induced injuries analogous to those seen in the Board's lap belt cases; i.e., serious injury from a correctly worn lap/shoulder belt used by an occupant who otherwise would have been less severely injured. Overall, performance of the 3-point restraint systems in the cases investigated appears to have been good.

Tentatively, the Board has identified several issue areas: misuse of the restraint system (i.e., improper positioning of the lap or shoulder portion of the 3-point belt), belts worn with excessive slack, and belt performance for the out-of-position occupant. A discussion of these issues, and some of the "success stories" of lap/shoulder belt use from NTSB's investigations, were presented during a March briefing. The final report will be published later this year.

Senator Lautenberg. Does the Board plan to try to develop more statistically reliable samples in future work that involves analyzing system effectiveness and making recommendations?

Answer. In the highway area, the Safety Board has not

3. The new rule does not provide for future flexibility to accommodate advancing aeronautical technology. Future generation aircraft are likely to have unique flight control and stability augmentation systems. The Safety Board believes that the rule should require that the new aircraft be evaluated during the certification process to define unique flight recorder requirements. This would require a compatible change to 14 CFR 25.

Senator Lautenberg. To what extent has FAA been responsive to this recommendation?

Answer. The Safety Board is particularly disturbed that FAA has not taken the initiative to propose rulemaking consistent with the standards adopted by the International Civil Aviation Organization (ICAO). These were adopted after extensive international discussions. Both Safety Board and FAA staff members participated in the initial technical discussions which were held in the fall of 1981 at ICAO headquarters in Montreal, Canada.

Fifty-six states agreed and none disagreed with the need to amend Annex 6, Part I (International Commercial Air Transport Airplanes) regarding improved flight recorder systems; there was general agreement with the proposed parameter list. For example, airplanes with a maximum certificated takeoff weight of over 27,000 kg (60,000 pounds) are now required by ICAO standards to carry a 32-parameter data recorder and a CVR. The 32 parameters recommended by ICAO are consistent with Safety Board recommendations to FAA.

Senator Lautenberg. Why hasn't FAA adopted your recommendations <u>in toto?</u>

Answer. The Federal Aviation Administration claims that it cannot comply with the Board's or ICAO's standards, which call for 32 parameters as opposed to 17 required by the FAA, and also meet the cost-benefit constraints imposed by Executive Order 12291.

The Safety Board, on the other hand, believes that the cost of improving flight recorder standards can be reasonably evaluated, but the benefits cannot. The benefits of a recorder can only be measured in abstract terms; that is, how recorded information can contribute to the determination of cause, and hopefully, lead to the implementation of corrective action to prevent a future occurrence. It is not possible to project the cost of accidents which did not happen because timely preventive measures were taken.

The Safety Board plans, however, to advocate improved recorder standards at every opportunity and continue to compile the necessary information we hope will eventually provide the economic justification the DOT requires.

BUDGET REQUEST

Senator Lautenberg. Would you provide a workload table comparing workload productivity for the requested 310 FTE level with a 324 FTE level and a 347 FTE level?

attempted to develop statistical samples of crash data, since the resources available to us do not begin to approach those necessary to investigate the enormous numbers of crashes typical of this sort of analysis. For example, the NHTSA employs 50 teams of investigators who are able to investigate (at a far more superficial level than typical Safety Board crash investigations) about 12,000 crashes per year. Yet even this number does not permit statistically reliable analysis of certain important questions (such as rear seat belt effectiveness, for instance).

In the case of the Board's recent study on large schoolbus crashworthiness, on the other hand, it was possible to investigate virtually every serious crash during the study period -- thus producing good data on the "worst case" scenarios of exposure to crash injury for schoolbus occupants. However, this was possible only because these crashes are extremely rare, thus allowing the Board's limited investigative resources to handle them.

Senator Lautenberg. The Board has been highly critical of several of the major national databases such as Fatal Accident Reporting System and National Accident Sampling System and the major state databases that rely on policy accident reports.

Does the Board have any suggestions for how such databases might be improved and how much such improvements might cost?

Answer. The Board has merely pointed out that these databases are suitable for some analytical purposes and not suitable for others. They are not suitable for estimating rear seat lap belt effectiveness, for the several reasons described in the Board lap belt study and, more fully, in a paper (enclosed) responding to certain criticisms of the Board's lap belt study.

(The information follows:)

Review of "The Effectiveness of Rear-Seat Lap-Belts in Crash Injury Reduction"

(By Dr. B.J. Campbell, Highway Safety Research Center, University of North Carolina, November 1986)

In August 1986, the National Transportation Safety Board published a report, "Performance of Lap Belts in 26 Frontal Crashes" (NTSB/SS-86/03), that presented the detailed facts from 30 motor vehicle crashes (26 involving lap belted occupants, 3 involving all unrestrained occupants, and 1 involving all lap/shoulder belted occupants). In addition, the report discussed the Board's examination of much of the available literature on the effectiveness of seat belts -- both front seat lap/shoulder belts and rear seat lap belts. The Board found that there is widespread agreement that rear seat lap belts should be replaced by lap/shoulder belts, due to the latter's acknowledged better performance. Therefore, the Board made a number of recommendations to manufacturers and to the National Highway Traffic Safety Administration, aimed at providing rear seat lap/shoulder belts in U.S. cars as quickly as possible (through requirements for new cars and provision of replacement belt assemblies for existing models).

The Board's study concluded, among other things, that "in frontal collisions, persons using lap-only belts may not be adequately protected against injury and may sustain additional injuries, induced by the lap belt itself." The Board also concluded that the data available on rear seat lap belts are not adequate for stating with certainty that rear seat lap belts' known hazards in some circumstances are outweighed by an ability to prevent serious injuries in other circumstances. That is, although the Board repeatedly stressed, in its report and in public statements about the report, that the extremely limited nature of its case study precluded the drawing of any conclusions about the overall effectiveness of rear seat lap belts, three facts seem clear: 1) rear seat lap belts provides substantially less protection than lap/shoulder belts; 2) rear seat lap belts can sometimes induce serious injury or death in persons who would survive better with a lap/shoulder belt or perhaps even unrestrained; and 3) though lap belts can prevent some serious injuries (those resulting from ejection, for example), the evidence that they do prevent more injuries than they can cause is uncertain.

In late November 1986, Dr. B.J. Campbell of the University of North Carolina's Highway Safety Research Center, published a report, "The Effectiveness of Rear-Seat Lap-Belts in Crash Injury Reduction." His report presents the results of his analysis of North Carolina police-reported accident data. The report is an attempt to demonstrate that 1) rear seat lap belts are effective (i.e., prevent more injury than they either fail to prevent or actually induce) and 2) demonstrate that the crashes investigated by the Safety Board were extraordinarily unusual and therefore (presumably) of no instructive value in considering the role of rear seat lap belts in injury prevention and production. This paper explains why the Board does not believe Dr. Campbell's report accomplishes these goals.

The "Other Studies" of Rear Seat Lap Belt Effectiveness

Dr. Campbell states (at several points) that both front seat lap/shoulder belt effectiveness and rear seat lap belt effectiveness "have been addressed repeatedly in scientific reports spanning decades and continents." Although it is true that there is a very substantial body of data concerning the effectiveness of lap/shoulder belts, the literature concerning rear seat lap belt effectiveness is, in fact, relatively scanty. In a recent report, Dr. Leonard Evans at General Motors notes "the few prior estimations of restraint system effectiveness for rear seats, compared to the more extensive literature for front seats." He points out

that "this literature contains many estimates reflecting large upward biasses due to confounding factors." For example, not only did "earlier field studies" encounter "the same difficulties of few data" which Evans' study encountered; they were also "subject to a major systematic confounding factor" -- namely, that rear seat belt use seems to be strongly correclated with driver belt use, and belted drivers appear to have "different accident involvement rates and different distributions of crash severity" than unbelted drivers. Evans concluded that "it seems probable that such confonding factors might have biassed estimates upwards by substantial amounts." (1)

Dr. Campbell's recent report cites 6 "recent analyses" of rear seat lap belt effectiveness (2):

--Police-reported accident data from North Carolina;

--Police-reported accident data from Maryland;

--Police-reported accident data from Alberta, Canada;

--National Crash Severity Study (NCSS) data collected for the National Highway Traffic Safety Administration (NHTSA) in the 1970s;

--National Accident Sampling System (NASS) data collected for the NHTSA beginning in the late 1970s;

--Fatal Accident Reporting System (FARS) data, compiled by the NHTSA from police-reported data on fatal accidents.

Dr. Campbell states that "all the analyses agree that lap belts are of substantial overall benefit in reducing crash injury among rear seat wearers." The discussion below describes why the Safety Board is not comfortable adopting such an interpretation as its own.

North Carolina and Maryland Data Analyses: The North Carolina data analysis referred to here is apparently different from the North Carolina data analysis presented as the body of Dr. Campbell's report. It, and the Maryland data analysis, as provided to the Safety Board by the National Highway Traffic Safety Administration (NHTSA), are each merely 2-page summaries. Since none of the actual numbers involved in the analysis were included in these summaries, it is not possible to examine the author's assertion that they demonstrate a rear seat lap belt effectiveness (against "incapacitating injuries") of 40%-50% and 20%-60%, respectively. Since both analyses are based on police-reported accident data, however, they are subject to the problems with these types of data that were discussed in the

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(1) Leonard Evans, Rear Seat Restraint System Effectiveness in Preventing Fatalities, GM Research Laboratories Publication GMR-5566 (September 1986).

(2) In recent correspondence with Congress, the NHTSA has also cited the mid-1970's project on seat belt effectiveness, the so-called "Restraint Systems Evaluation Program," or "RSEP," as providing proof that "lap belts, including those in the rear seat, are effective in preventing death and reducing injury." It would be difficult for RSEP to demonstrate this, however, since all data in RSEP concerns front seat occupants. In addition, of course, the RSEP data are from crashes involving front seat occupants of 1973-75 passenger cars -- vehicles whose crash characteristics and front seat area interior dimensions and designs differ substantially from the rear seats of modern passenger cars. As the author of the Alberta, Canada effectiveness study (cited above by the NHTSA) noted, whether studies of front seat occupants' crash experience "can be applied to rear seat casualties is a major subject for debate."

Board's original study and which are discussed in even more detail below: primarily, the size of the rear seat database makes effectiveness estimates extremely vulnerable to errors in police coding of belt "use" or "nonuse," errors in injury classification, and poor -- or nonexistent — measures of crash severity.

Alberta, Canada Data Analysis: This analysis was published separately by its author in 1984 and has already been examined by the Board as part of the Board's lap belt study (see reference 28 in the Board's study). Again, these data are subject to the problems with police-reported accident data discussed below. Importantly, in the Alberta data there was no attempt to control for certain critical variables that interact with belt usage, such as crash severity. (It is established that belted occupants tend to be involved in less serious crashes; if crash severity as a variable is not controlled for, resulting belt effectiveness estimates may be exaggerated. See further discussion, below.)

NCSS, NASS, and FARS: There are a number of problems with these Federal databases that result in their not being convincing sources of estimates on rear seat lap belt effectiveness (these weaknesses are discussed in the Board's lap belt study):

--The University of Michigan's Transportation Research Institute, in its final report on the NCSS data analysis performed for the NHTSA, noted some of the inherent limitations in the data:

> The resulting statistics are not national estimates because the areas for data collection were not selected randomly. . . . Also, there is less assurance that the national projections generated are free from bias than if probability-based selection procedures had been used in the selection of the areas. The statistics presented in this report describe the police-reported accidents involving towed passenger cars for the aggregate of the seven areas /in which NCSS teams were operating/. It is also the case that sampling errors are associated with almost all the statistics published in this report. The size of these sampling errors is unknown, but, given the sampling procedures used, they have the potential of being considerable for at least some of the statistics. (3)

--When the NHTSA itself attempted to examine rear seat lap belt effectiveness (NHTSA, Note on Rear Seat Belt Use and Usefulness Estimated from Automated Accident Data, 1986), they found that "the relative infrequency of both rear seat occupancy and seat belt use in the accident data" made it "necessary to combine all available data sources" in order to try to overcome the problem of data sparseness. However, even when they combined both the NCSS and NASS databases, they found that "the sample sizes preclude rigorous analysis." The weighted data "produce only rough estimates of relative injury outcome," and controlling for crash severity and victim age was not possible.

--Problems in using the NASS database to estimate rear seat lap belt effectiveness were discussed in the Board's original study. The smallness of the rear seat database is the most serious problem. For example, the combined 1979-80 NASS files include no rear seat lap belted fatalities, which translates into no rear seat lap belted fatalities in the nationally weighted NASS data. In the 1984 NASS files, there are only three rear seat restrained fatalities (these could have been lap belted, lap/shoulder

(3) University of Michigan, Highway Safety Research Institute (now Transportation Research Institute), NCSS Statistics: Passengers Cars, Final Report (DOT HS-8-01944), June 1980.

belted, or in a child safety seat) and only 28 rear seat restrained occupants injured at a moderate severity or above. In frontal crashes, the 1984 files show no rear seat restrained fatalities and only 6 unrestrained fatalities. With numbers like these, it is not possible to produce sound estimates of the level of rear seat lap belt effectiveness — or even to conclude that rear seat lap belts are effective or ineffective.

This kind of problem in the NASS database was discussed by the Safety Board several years ago, in an evaluation of the then-emerging NASS program (NTSB-SEE-78-1, Report to Congress):

> In general, reliability of any estimate for any event's occurrence will, however, vary depending on the frequency of its occurrence. The more frequent an event, the more data points that will be included in the sample and the more valid the results. For less frequent events, the data becomes sparse and the reliability is lowered.
>
> As proposed, a fully implemented NASS program would provide some 17,500 to 20,000 cases per year, which would appear sufficient. Nevertheless, even with this size sample it is easy to identify certain key data elements which would not be adequately represented.

In fact, the NASS program has never produced 17,500 to 20,000 cases per year (in 1984, NASS collected about 12,000 cases, including all types of motor vehicles). Thus, the problem of underrepresented events (rear seat fatalities, for instance) is in reality even more severe than predicted. Again, it would not be responsible to rely on this database for an estimate of the effectiveness of rear seat lap belts, given these severe weaknesses.

Others have noted problems with the NASS database that make it unacceptable for examining certain issues. For example, in a recent study of the relationship of accident type to occupant injuries, researchers at the University of Michigan's Transportation Research Institute stated:

> That missing data in NASS presents some significant problems to the analyst deserves mention here. Not only is injury contact point coded 'Unknown' all too frequently, but the main measure of crash severity, Delta V, is also missing in a large percentage of cases. These problems are compounded by the comparatively small number of serious accidents investigated by NASS, which makes it virtually impossible to examine the interaction of four or more factors in occupant injury causation. The combined 1980 through 1984 NASS files have only 5,811 injuries of severity AIS 2-6 to passenger car occupants. This is insufficient to examine, for example, the interaction of seat position, principal direction of force, Delta V, and body region, let alone take into account contact point.
>
> A further problem with the NASS data is the unknown size of the variances associated with the computations from NASS. There is at present no publicly available computer program for computing NASS variances, which may, because of the complex sample design, have large design effects. (4)

(4) Oliver Carsten, Relationship of Accident Type to Occupant Injuries (University of Michigan, Transportation Research Institute), April 1986. (Emphasis added.)

If one adds to all these weaknesses in the NASS database the possibility of some degree of error in the NASS coding of belt use, injury severity, and/or crash severity, the proposition of using NASS to estimate rear seat lap belt effectiveness becomes even less defensible.

--The FARS database is equally unacceptable for the purpose of estimating rear seat lap belt effectiveness, for three major reasons: 1) it is not clear that one can simply translate data based on the outcomes for occupants of a vehicle involved in a fatal crash to predict outcomes for occupants in vehicles involved in nonfatal crashes; 2) the rear seat occupant numbers are extremely small; and, 3) the data compiled in the FARS file are merely police-reported accident data (for fatal crashes), and therefore not reliable in a number of crucial respects, as mentioned above. Some current examples:

--In the 1984 FARS file, fully 25 percent of the rear seat, belted fatalities were coded as "lap/shoulder belted" -- highly improbable, given the miniscule number of vehicles in this country equipped with rear seat lap/shoulder belts. (This same problem probably exists in other years of FARS data.) It is not possible to "correct" this file by simply recoding these as "lap belted"; some of these occupants may have been lap belted (how many?), some may have been in a child safety seat (how many?), some may have been unrestrained (how many?).

--In the 1984 FARS file, restraint use for rear seat occupants is coded as "unknown" whether restrained or not 18 percent of the time; in the 1985 file, the "unknown" if restrained rate is 16 percent.

--The Board compared its 15 fatal lap belt cases against the FARS database for these same crashes and found many important discrepancies:

> --One case was simply not in the file (two front seat lap/shoulder belted occupants survived, one with moderate, one with serious injuries; lap belted rear seat occupant killed by belt-induced injuries);
>
> --The FARS file for another case did not include two of the four occupants (one of whom was a lap belted rear seat occupant with critical belt-induced injuries); in the same case, the FARS file shows the driver as lap/shoulder belted, when in fact the driver was unrestrained; it also shows the driver of the other vehicle as lap belted with "incapacitating" injuries, when in fact he was unrestrained with only minor injuries;
>
> --In another case, the FARS file shows as "unrestrained" one of the rear seat lap belted occupants who in fact received critical belt-induced injuries; in the same case, another occupant who was in fact unrestrained with only minor injuries, shows in the FARS file as having received "incapacitating" injuries; in the same case, another occupant simply does not show up at all in the FARS file (he was unrestrained in the front seat and received only minor injuries);
>
> --In another case, FARS shows five occupants lap belted with "incapacitating" injuries, when in fact they were unrestrained and received only minor injuries.

--In another case, FARS shows two occupants (unrestrained) with "incapacitating" injuries, when in fact their worst injuries were minor.

--In another case, FARS indicates that the two fatalities' restraint use was "unknown," when in fact they were lap belted in the rear.

--In another case, FARS shows an (unrestrained) occupant as having no injuries, when in fact he received moderate injuries (AIS 2).

--In another case, FARS shows three of the four occupants as unrestrained, when in fact two had on lap/shoulder belts and one had on a lap belt;

--In another case, FARS shows a lap belted occupant with "incapacitating" injuries, when in fact the worst injury was minor.

It is not usually possible to cross-check the accuracy of the FARS database as the Board was able to do here, since there is rarely a reliable alternative database to use for comparison, as there was here. The wide array of crucial errors in the coding of belt use, injury occurrence, and injury severity (and indeed, complete omission of a number of fatal crash-involved occupants) is consistent with the Board's view that databases founded on police-reported accident data are not reliable sources for estimating rear seat lap belt effectiveness. Indeed, the demonstration of these errors in the FARS database is especially supportive of the Board's view, because these errors occurred in fatal crashes -- presumably the crashes in which police reports are most reliable. Furthermore, the data in the FARS database have been entered by NHTSA-trained "FARS analysts" in each state; thus, there should have been at least some level of checking of the data's accuracy before it was entered. All of this suggests strongly that police-reported data on nonfatal crashes (by far the bulk of all databases except FARS) is even less reliable.

Dr. Campbell's "New Analyses of Restraint Effectiveness Using North Carolina Data"

In the next section of the report, Dr. Campbell presents certain results from his analysis of North Carolina crashes involving "more than one million" vehicles. He uses the analysis to attempt to demonstrate that both front seat lap/shoulder belts and rear seat lap belts are effective in reducing injuries and deaths.

The reliability of any such effectiveness findings depends heavily on the accuracy of at least three factors in the accident database:

--the police classification of the severity of the crash

--the police classification of the severity of the occupants' injuries (including "no" injury)

--the police classification of the occupants' use or nonuse of seat belts, and if classified "used," the classification of the type of belt used.

This final factor may be the most important in assessing overall net effectiveness, since there is widespread acknowledgement that it may be the most strongly subject to systematic bias. This point is explored further below.

Classification of crash severity: Obviously, unless crash severity is correctly determined, the apparent effectiveness of any belt system may be due to the fact that "belted occupants are involved in less serious accidents." (5) For example, when the U.S. DOT examined the NCSS data file, it found that "restrained occupants were involved in less severe accidents to such an extent that the severity of the accident by itself could explain most of the apparent fatality effectiveness of restraints and nearly half of the apparent injury effectiveness." (6) Obviously, then, controlling for crash severity -- and using accurate measures of crash severity to accomplish this -- is important to determining whether rear seat lap belts are effective and, if so, how effective. (The importance of these control variables is even greater in the case of rear seat lap belt effectiveness than for front seat lap/shoulder belt effectiveness, because the rear seat numbers are relatively small and more vulnerable to effect from these variables.)

North Carolina police use a pictorial scale called TAD to estimate crash severity, based on the officer's rating of the vehicle's crush. Although TAD is a simpler system for classifying crash severity than calculating Delta V, and thus easier to use at the actual scene of a crash, it also produces a cruder and less reliable measure of crash severity. (One General Motors engineer has termed this and similar crash severity measures "the poorer measures of collision severity," and has demonstrated how they "can lead to erroneous conclusions." On the other hand, this engineer rated Delta V -- the severity measure used by the Safety Board in its investigations -- as "the best single measure of collision severity." (7) The NHTSA has noted that "the control variables available in State data are inadequate for adjusting the populations for differences in crash severity," and cited North Carolina effectiveness estimates as being "exaggerated" because of the problems in these measures of crash severity.(8)

Classification of injury severity: Researchers at Dr. Campbell's research center have recently pointed out the importance of correct injury severity classification for calculating belt effectiveness, and have noted certain problems in injury classification by police, even in North Carolina:

> . . .(T)he quality of the information obtained from accident reports is limited by the quality of the reporting system and report forms. Also, the quality of an accident report depends on the commitment and training of the investigating officer. Even when the investigation is carried out by a well-trained and committed officer, he or she must often rely on reports of victims or witnesses for information on restraint use and injuries. Broad, general-classifications of injury, such as the KABCO scheme used in North Carolina, are in many ways too general to provide an accurate assessment of restraint effectiveness. . . . Information based on accident reports, however thorough, still has two limitations that directly influence the accuracy of (restraint system effectiveness) evaluation -- restraint and injury coding. . . . The second primary limitation is the injury coding scheme and definitions of injury. The

(5) U.S. DOT, FMVSS 208 Regulatory Impact Evaluation, July 1984.
(6) Ibid.
(7) James F. Marquardt, Collision, Severity--Measured by Delta V, General Motors Technical Center, Proceedings, 21st Conference, American Association of Automotive Medicine, 1977.
(8) U.S. DOT, op. cit.

> injury categories of KABCO (used in North Carolina) are broad and may be misleading when analyzing injury reduction potential. In this scheme, a broken arm and a skull fracture are both coded as "A" injuries, even though one is certainly more life-threatening than the other. Also, "definitions" of injuries inevitably vary some between investigating officers, and subtle or internal injuries can often only be diagnosed by subsequent medical examination.(9)

Indeed, in a 1976 study done by Dr. Campbell's research center, analyzing data from the RSEP project, the HSRC authors argued that the KABCO injury scheme is so "extraordinarily broad, ill-defined and very subjective" it is "most unsatisfactory for analysis purposes." (10)

The Safety Board used the much more precise -- and objective -- Abbreviated Injury Scale (AIS) for classifying injuries sustained by crash victims in the cases investigated for the lap belt study. In the Board's cases, occupants' injuries are not determined by the investigator, nor is their severity; medical records are used to determine the injuries, and their severity is scaled objectively, using the AIS coding manual.

The Board has no way of independently assessing the accuracy of the injury classifications assigned to the North Carolina crash-involved occupants in Dr. Campbell's recent analysis (using the "broad" and subjective KABCO scheme). The reader is reminded, however, of the numerous errors in injury classification in the police-reported data from fatal crashes, recorded in the FARS database (discussed above). To the Safety Board's knowledge, it has never been determined to what degree police reports from fatal and nonfatal crashes in North Carolina are free of these types of errors. Table 2 (page 19) in Dr. Campbell's study is suggestive, however, that there is some degree of injury classification error in North Carolina police reports. For instance, according to this table, nearly 40 percent of 5059 North Carolina drivers involved in the most severe crashes (TAD levels 6 and 7) received no injury -- not even minor cuts, bruises, or abrasions! (11) This seems extremely unlikely to the Board. TAD level 6

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(9) University of North Carolina, Highway Safety Research Center, The Use of Telephone Interviews to Verify the Reliability of Police Accident Reports in Assessing the Effectiveness of Child Safety Seats, May 1984 (emphasis added).

(10) University of North Carolina, Highway Safety Research Center, A Statistical Analysis of Seat Belt Effectiveness in 1973-75 Model Cars Involved in Towaway Crashes (DOT HS-801 833), February 1976.

(11) Because he wanted to compare these drivers against the 139 occupants in the Board's cases, Dr. Campbell has had to divide occupants into 3 rough categories only -- "none (injured)," "injured," and "fatal" -- since the broad KABCO injury scheme used in North Carolina is not relatable to the more precise and objective AIS injury codes used in the Board's cases. Among the Board's occupants, even quite minor cuts, bruises, lacerations, etc. received the appropriate AIS injury code (typically AIS 1). Thus, all of the 80 Board case occupants who had only AIS 1-2 level injuries are in the "injured" group in this table. The only Board case occupants in the "none (injured)" group in this table are those who did not receive even minor cuts, bruises, abrasions, etc. To be fairly comparable, therefore, we must assume that the only North Carolina drivers put in the "none (injured)" group in this table are those who also did not receive even minor cuts, bruises, abrasions, etc.

and 7 crashes are the types of crashes in which Dr. Campbell says even restrained occupants could not be expected to fare very well. Yet, these North Carolina data would have us believe that among these 5059 North Carolina drivers -- most of whom were no doubt unrestrained, consistent with nationwide usage patterns -- close to half remained entirely uninjured.

Classification of Belt Use: The accuracy of the belt use classification in databases used for estimating belt effectiveness is clearly of great importance. If some proportion of those appearing in the data as "unrestrained" and injured/killed in fact were misclassified (i.e., were in fact "restrained" and injured/killed), the apparent effectiveness of the restraint will have been overstated.

Importantly, it is not an easy matter to determine belt usage reliably. As researchers at the University of Michigan's Transportation Research Institute put it, in discussing their analysis of accident data collected by trained investigators: "Restraint usage, of all the variables fundamental to the study, is the most difficult to determine." (12) It can require considerable investigation, by a carefully trained and experienced investigator, to develop sufficient evidence on the question of belt use by an occupant. Statements by involved parties can be incorrect for a variety of reasons. First appearances can be deceptive. Unwitting bias on the part of the person filling out the report form -- for instance, a tendency to believe that injured people probably were not belted and uninjured persons probably were -- can produce errors in use coding. Police typically arrive at the scene after occupants have gotten out of the vehicle, or been removed from the vehicle; as the North Carolina researchers cited earlier put it:

> Unless the officer happens to be in the immediate vicinity of the crash scene, it is likely that all or most of the victims will be out of the vehicle(s) by the time he arrives. Thus, he cannot personally verify restraint usage but must rely on statements of the victims or witnesses regarding restraint use. (13)

Furthermore, the police officer's primary tasks involve clearing the scene, documenting whether or not laws were violated, and completing the relevant accident report forms. For these reasons, police accident reports are simply not reliable evidence on the question of restraint use.

In contrast, the necessary steps taken by Safety Board investigators to determine belt use or nonuse include not only interviewing the accident-involved persons, witnesses, and emergency response personnel; they also examine the belts themselves for signs of use or nonuse (force loading marks, dust patterns, etc.), document occupant injuries from medical records and consider possible injury patterns consistent with use or nonuse, and document probable contact points within the vehicle as evidence of use or nonuse.

It is widely acknowledged that there is bias in police reporting of belt use. The same North Carolina study quoted above noted "the biased reporting of investigating officers, who tend to assume that an injured person was unrestrained." An earlier North Carolina study (the so-called "Restraint Systems Evaluation Program," or "RSEP" study) discusses the fact that "there are often numerous investigative biases and inaccuracies in the

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(12) University of Michigan, Highway Safety Research Institute (now Transportation Research Institute), Evaluation of the 1973-75 Restraint Systems (1976).

(13) University of North Carolina, op. cit.

(police-reported) accident data, as for example, serious conflict between police-reported and occupant-reported belt usage." (14) A recent study by the NHTSA states: "Relative to accident investigation, police reporting appears to reflect a belief in the utility of seat belts — the pattern of overreporting of use for survivors and underreporting for fatalities results in high estimates of restraint effectiveness." (15)

Dr. Campbell also acknowledges, in the report under discussion here, that bias exists in police reporting of belt use. However, he cites a paper (16), published by his research center in 1980, as evidence that "the size of the bias factor is not enough to account for the entire obtained benefit of rear seat lap belts (or lap/shoulder belts)."

The Board has attempted to review that 1980 paper carefully, since solid evidence of the size of the acknowledged police reporting bias would be important information for all those (including NHTSA) attempting to estimate closely the effectiveness of lap/shoulder belts and lap belts. Unfortunately, we have been unable to evaluate the paper because of a variety of apparent errors in it. For example, the information presented in tabular form is in disagreement with the textual material that describes the tables (see Tables 1.3, 3.3, 3.4, 6.3, for instance). We contacted HSRC to determine if errata sheets had been published and were told there were none. We have since written to Dr. Campbell, asking for a corrected version of the study; we will review it when it is made available to us.

It should be noted that the 1980 paper cited by Dr. Campbell recommended that "the nature of police bias and its effect on the belt effectiveness estimates be further investigated on a nationally representative sample. As the current sample shows, police bias may exhibit considerable variation from stratum to stratum." So far as we are aware, no such examination of bias in a representative sample has yet been undertaken. (The RSEP sample examined by Chi was certainly not representative — for one thing, about 40 percent of these crash-involved occupants were "truly" belted!)

Why is the question of bias in police belt use reporting so important? As one researcher at NHTSA (formerly at Dr. Campbell's research center) put it:

> Estimates of safety belt effectiveness are sensitive to errors in classifying crash victims as belt users or nonusers. A relatively small number of misclassifications can produce a large error in the estimate of safety belts' capability to reduce or eliminate injuries . . . (A) 5 percent classification error could produce a 100 percent error in the estimated effectiveness of belts, under a plausible set of conditions. (17)

At this point, no one knows the size of the possible bias in police belt use reporting. It is probable that the bias varies from locale to

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(14) University of North Carolina, Highway Safety Research Center, A Statistical Analysis of Seat Belt Effectiveness in 1973-1975 Model Cars Involved in Towaway Crashes, Final Report, Vol. 1 (DOT HS-802 035), September 1976.

(15) Susan Partyka, Corrections for the Effect of Data Source on Restraint Effectiveness Estimates, October 1982.

(16) G.Y.H. Chi, The Effect of Seat Belt Usage Misclassification Errors on Seat Belt Effectiveness Estimates, University of North Carolina, Highway Safety Research Center, 1980.

(17) Donald Mela, Review of Safety Belt Usage and Effectiveness in Accidents, NHTSA, September 1974.

locale, time period to time period, depending on such factors as officer training, responsibilities assigned to police during post-accident clean-up, whether or not a belt usage law is in effect, the perceived level of commitment to implementing the law, and many other uncontrollable variables.

We have attempted to see how sensitive the lap/shoulder belt and lap belt effectiveness estimates derived from the police-reported data in Dr. Campbell's study are to this type of bias. For this purpose, we have asked, "What if five percent of the occupants reported by the police as unrestrained and seriously injured/killed were really belted?" The results of that analysis are presented in Tables A-D on the following pages.

Table A presents the data (from Dr. Campbell's study) on drivers and right front passengers in all crashes (Appendix Tables 1-4 in Dr. Campbell's study), with a final additional column showing the calculated lap/shoulder belt effectiveness, assuming the police reports on belt use were "true."

Table B shows what happens to the lap/shoulder belt effectiveness if one assumes a five percent belt use reporting bias: although the effectiveness is lower at all seven TAD damage levels, the effectiveness remains positive.

Table C presents the data (from Dr. Campbell's study) on left and right rear occupants in all crashes (Appendix Table 5 in Dr. Campbell's study), again with a final additional column showing the calculated rear seat lap belt effectiveness, assuming the police reports on belt use were "true."

Table D shows what happens to the rear seat lap belt effectiveness if one assumes a five percent belt use reporting bias: the effectiveness is not only lowered in all seven TAD damage levels, it becomes negative in all but the minor damage level -- and quite strongly negative in several TAD categories.

Thus, a bias as small as five percent not only "accounts for the entire obtained benefit of rear seat lap belts," it entirely overwhelms the benefit and produces a strongly negative effect. This level of bias in the reporting of lap/shoulder belts, however, does not result in a net disbenefit at any crash severity level. Thus, assuming a five percent bias, the effectiveness of the lap belts is negative, whereas the net effectiveness of the lap/shoulder belts nevertheless remains positive. (This, of course, explains why the Board is not being inconsistent when it "advocates lap/shoulder belts on the basis of scientific studies, but rejects existing research in relation to lap belts," as Dr. Campbell puts it. The accident data suggesting lap/shoulder belts' overall benefit are simply far less vulnerable to the probable police bias in reporting than are the sparse rear seat lap belt accident data. This is also why the Board believes Dr. Campbell is mistaken in stating that if accident date are "adequate to evaluate lap/shoulder belts, they are adequate to evaluate lap belts.")

It is important to understand that the Board is not claiming that the amount of the bias in police reporting of rear seat belt use is five percent. As described above, the amount of the police reporting bias has simply not been determined as yet; in fact, it may not be possible to determine it. (To measure the bias, one would have to know what the true belt use was for a large, representative sample of accident-involved occupants; there is no source for such knowledge at this time.) However, we believe that it could quite plausibly be five percent (or even greater), and five percent is sufficient to produce quite misleading effectiveness estimates for rear seat lap belts.

The Board simply believes that since rear seat lap belt databases can be so strongly affected -- to the point of reversing the belt effectiveness estimates from positive to negative -- by even a small and plausible amount of reporting bias, it is not possible to state with certainty that rear seat lap belts prevent more injuries and deaths than they either induce or fail to prevent. In short, the Board remains convinced of the validity of the conclusion stated in the original lap belt study that "because of a variety of weaknesses in available accident databases, it is not possible to determine the overall effectiveness of lap belts in preventing fatalities and reducing injury."

The remaining arguments put forward by Dr. Campbell are addressed in the following sections.

Table A

Injury by Crash Severity for Unrestrained and Lap/Shoulder Belted Drivers and Right Front Passengers, All Crashes (NC Police-Reported)

TAD Severity	Occupant Belt Usage	Total Occupants	No. of Serious/ Fatal Injuries	Percent Serious/ Injuries & Fatal	Effectiveness (%)
Least Severe Damage	None	27139	1098	4.0	55
	Lap/Shldr Belt	4793	87	1.8	
2	None	60368	2717	4.5	59
	Lap/Shldr Belt	10732	196	1.8	
3	None	75594	4953	6.5	50
	Lap/Shldr Belt	13132	433	3.3	
4	None	68427	7271	10.6	52
	Lap/Shldr Belt	10977	564	5.1	
5	None	39073	6585	16.8	50
	Lap/Shldr Belt	5709	481	8.4	
6	None	25613	6553	25.6	40
	Lap/Shldr Belt	3435	525	15.3	
Most Severe Damage	None	16601	5967	35.9	32
	Lap/Shldr Belt	2056	500	24.3	

Table B

Table "A" Revised, Assuming 5% Bias in Police Classification of Belt Use (Front Seat Lap/Shoulder Belt Effectiveness)

TAD Severity	Occupant Belt Usage	Total Occupants	No. of Serious/ Fatal Injuries	Percent Serious/ Injuries & Fatal	Effectiveness (%)
Least Severe Damage	None	27084	1043	3.9	24
	Lap/Shldr Belt	4848	142	2.9	
2	None	60232	2581	4.3	29
	Lap/Shldr Belt	10868	332	3.1	
3	None	75346	4705	6.2	18
	Lap/Shldr Belt	13380	681	5.1	
4	None	68063	6907	10.1	19
	Lap/Shldr Belt	11341	928	8.2	
5	None	38744	6256	16.1	17
	Lap/Shldr Belt	6038	810	13.4	
6	None	25285	6225	24.6	8
	Lap/Shldr Belt	3763	853	22.7	
Most Severe Damage	None	16303	5669	34.8	3
	Lap/Shldr Belt	2354	798	33.9	

Table C

Injury by Crash Severity for Unrestrained and Lap Belted
Left and Right Rear Occupants, All Crashes (Police-Reported)

TAD Severity	Occupant Belt Usage	Total Occupants	No. of Serious/ Fatal Injuries	Percent Serious/ Injuries & Fatal	Effectiveness (%)
Least Severe Damage	None	2805	90	3.2	87
	Lap Belt	252	1	0.4	
2	None	6334	156	2.5	35
	Lap Belt	561	9	1.6	
3	None	8306	326	3.9	64
	Lap Belt	634	9	1.4	
4	None	7763	494	6.4	61
	Lap Belt	597	15	2.5	
5	None	4515	458	10.1	67
	Lap Belt	268	9	3.4	
6	None	3141	547	17.4	17
	Lap Belt	187	27	14.4	
Most Severe Damage	None	2156	622	28.8	13
	Lap Belt	92	23	25.0	

Table D

Table "C" Revised, Assuming 5% Bias in Police Classification of Belt Use (Rear Seat Lap Belt Effectiveness)

TAD Severity	Occupant Belt Usage	Total Occupants	No. of Serious/ Fatal Injuries	Percent Serious/ Injuries & Fatal	Effectiveness (%)
Least Severe Damage	None	2800	85	3.0	23
	Lap Belt	257	6	2.3	
2	None	6326	148	2.3	-27
	Lap Belt	569	17	3.0	
3	None	8290	310	3.7	- 3
	Lap Belt	650	25	3.8	
4	None	7738	469	6.1	- 6
	Lap Belt	622	40	6.4	
5	None	4492	435	9.7	-14
	Lap Belt	291	32	10.9	
6	None	3114	520	16.7	-51
	Lap Belt	214	54	25.2	
Most Severe Damage	None	2125	591	27.8	-58
	Lap Belt	123	54	43.9	

"The NTSB presents its own 26 crashes as a basis for challenging the efficacy of rear seat lap belts." (p. 16):

The Board's report, its statements to the press, our correspondence with a wide assortment of people and organizations, and all our public discussions of this report have stressed repeatedly that the crashes discussed in this study are not intended to be, nor can they be viewed as, a basis for determining whether or not rear seat lap belts are effective. The study does document, in a way rarely provided in highway safety literature, the extremely poor performance of rear seat lap belts in many of these cases, compared to the experience of those who were lap/shoulder belted or even (in some cases) unrestrained in the same vehicles. The study goes on, however, to explain why the Board found unconvincing the "evidence" presented thus far for rear seat lap belts' overall positive benefits (these points are discussed in detail above), and presents the case for requiring that all passenger cars and vans provide rear seat lap/shoulder belts.

"The problem is the extraordinarily great severity level of the cases presented . . . . These cases are so severe that neither lap nor lap/shoulder restraint systems could be expected to perform very well -- and indeed, neither did." (p. 16):

To take the latter point first, it is simply not true to say that the lap/shoulder belts did not perform well in the cases investigated by the Board. The occupants who were wearing lap/shoulder belts fared much better than those wearing lap belts, despite the fact that:

-- 97 percent of those wearing lap/shoulder belts were seated in the most vulnerable positions -- the front seat, while 90 percent of those wearing lap belts were seated in the least vulnerable positions -- the rear seats.

-- Only 7 of the 32 lap/shoulder belted occupants (22 percent) received serious to fatal injuries, and three of them received those injuries from massive crash intrusion at their seating position. The lap/shoulder belt not only did not induce the injuries, it could not have prevented them. Compare this with the fact that 28 of the 50 lap belted occupants (56 percent) received serious to fatal injuries; none were seated at locations of crash intrusion; all received these injuries from the belt itself; all would have been less seriously injured or not injured at all if they had not been wearing the lap belt.

-- 86 percent of the lap/shoulder belted occupants who were seriously injured were in crashes of Delta V greater than 30 mph; 50 percent of the lap belted with serious injuries were in crashes of Delta V lower than 30 mph. The one lap/shoulder belted occupant who was killed died in a severe crash (Delta V 35.7 mph) from injuries inflicted by massive crash intrusion at his seating location. All of the 13 lap belted fatalities were killed by the belt itself; none were seated at intrusion locations; six were in crashes of Delta V less than 30 mph.

Note the following comparison of injury levels between the lap belted occupants and the lap/shoulder belted occupants:

	Lap Belted	Lap/shoulder Belted
AIS 0	2%	6.3%
AIS 1	32%	37.5%
AIS 2	10%	31.3%
AIS 3	14%	9.3%
AIS 4	12%	12.5%
AIS 5	26%	3.0%
AIS 6	4%	0.0%
(AIS 0-2)	(44%)	(75.0%)
(AIS 3-6)	(56%)	(24.8%)
(Fatal)	(26%)	(3.0%)

A much smaller proportion of the lap belted occupants received minor to moderate injuries; a much larger proportion received serious to untreatable injuries; a much larger proportion received fatal injuries. It is instructive to look closely at the AIS 4 (severe) injury category; about the same proportion of lap belted and lap/shoulder belted occupants received this level of injury. However, the 12.5% lap/shoulder belted at this level represented four people; two were in the front seat in the same crash; all three crashes involved a Delta V greater than 30 mph; two of these occupants were seated at locations where severe intrusion occurred and belt use was irrelevant to the nature or severity of these injuries. In contrast, the 12% lap belted occupants at this injury severity represent 6 people, half of whom were in a crash involving a Delta V lower than 30 mph (one was in a crash at Delta V lower than 25 mph), and none were seated at locations where intrusion occurred.

Similarly, the 3% lap/shoulder belted who received AIS 5 (critical) level injuries were caused by massive intrusion at their seating locations, and the Delta V's involved were greater than 35 mph. In contrast, of the 26% lap belted at this injury level, half of them were at Delta V's lower than 30 mph (15% of them were at Delta V 25 mph or less); 77% of them were at Delta V 35 mph or less.

Thus, in contrast to Dr. Campbell's view, the Board views these cases as demonstrations of the good performance of lap/shoulder belts. Despite the fact that the demands placed on them in these crashes was considerably greater than the demands placed on the lap belts, they dramatically outperformed the lap belts.

It is important to understand that in the Board's cases we are not looking at a situation in which lap belts have been placed "at the limit of their effectiveness," as Dr. Campbell describes it. In many of these cases, the lap belts in effect intervened in an otherwise survivable situation and induced unnecessary, serious to fatal injuries. Nothing even close to this was true of the lap/shoulder belts. On the contrary, the lap/shoulder belts often intervened to prevent serious to potentially fatal injuries, often in rather severe crash situations for the lap/shoulder belted occupant.

Were the Board's cases "extraordinarily severe"? Dr. Campbell supports this claim by comparing the crash severity distribution of the Board's cases to that of towaway crashes in the North Carolina database. In order to do this, the Board's cases -- whose crash severity had been calculated using NHTSA's CRASH 3 computer program and expressed in the preferred "Delta V" crash measurement -- had to be "converted" into the cruder crash severity measure used in North Carolina -- TAD. (Conversion the other way, from TAD to Delta V, was not possible, since North Carolina police accident reports do not provide the kind of detailed data needed to calculate Delta V.) Dr. Campbell apparently attempted conversion by using

the photographs of the Board's case vehicles provided at the beginning of each case summary in the published report (one photograph for each case), assigning one of the seven TAD severity levels to each of the Board cases on the basis of that limited information. The results are presented in Table 1 (page 17) of Dr. Campbell's report.

It is not clear that the procedure described above is meaningful. In any case, it is not surprising -- nor is it particularly significant -- that the two crash severity distributions are dissimilar. The North Carolina crashes include all towaway crashes (that met the other criteria), and thus are heavily weighted toward the lower crash severity end of the distribution (a large proportion even of towaway crashes are of very low severity). However, even though the Board's notification criterion was "towaway," in a study of the sort the Board was conducting (examining performance in a case study, but not seeking statistically valid effectiveness estimates), it would have been pointless to select every towaway crash of which we might be notified. Most highway safety researchers are aware of the fact noted above -- that the majority of even towaway crashes are of such low severity that occupant crash protection systems make no difference -- belted and unbelted alike sustain little or no injury. This is why, for example, the deployment threshold for air bags is set at 12 mph; a large proportion of all impacts occur at speeds lower than that, but few if any preventable injuries typically occur at those low speed impacts. The usefulness of the NHTSA's elaborate NASS system, in fact, has been considerably hampered by the fact that its crash severity threshold is so low (indeed, the NASS threshold includes even nontowaway crashes). By setting the threshold so low, NASS has ended up with the "comparatively small number of serious accidents" referred to earlier by UMTRI; NHTSA is considering now revising the entire program, partly to refocus it on the more serious accidents from which meaningful crash protection information can be gained.

For these same reasons, it would be pointless for the Board to spend time performing detailed investigations on crashes of low Delta V -- even though we were notified of them -- since little or nothing about the crash protection capabilities of seat belts could be gained from such investigations. (18)

Board staff has discussed this point with Dr. Campbell and others who suggest that the Board may have deliberately sought out cases in which lap belted occupants were injured. Dr. Campbell mentions this on page 17 of his report, but his description of it is misleading: ". . . NTSB staff in conversation with this author did indicate that, during their study, they amended their case selection procedure to obtain more severe cases because they were receiving too many cases deemed not severe enough," he states. By using the word "severe," Dr. Campbell seems to suggest that Board staff had admitted to trying to find "severe" crashes in which lap belted occupants might be expected to fare poorly. What Board staff described to Dr. Campbell was what is described above: that, out of the necessarily

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(18) There are four such low severity cases in the study (Cases 5, 14, 15, and 16), and they illustrate this point well. The Board often sets its "notification" criteria more broadly than its "selection" criteria; otherwise, notification criteria must be too detailed to be workable. The seat belt study notification criteria, for instance, were as narrow as possible, keeping in mind the need to keep the notification process simple for the users; the severity criterion "towaway" could not be narrower and still expect to get cooperation from already busy public and private agencies. However, that criterion would inevitably net quite a few "unusable" cases -- such low severity that the seat belts were not called on to perform.

overly broad net cast by the notification criteria ("towaway, but survivable"), the Board tried to avoid spending time on very low severity crashes from which no insights (favorable, unfavorable, or even neutral) about seat belt performance could possibly be gained. (In fact, it is for the very same reason that the criterion of "survivable" was used; if the crash was of such high severity that survival was unlikely -- for belted occupants as well as unbelted -- there is no point in spending time investigating the crash for a study of seat belt performance.)

Finally, simply looked at objectively, the Board's cases cannot fairly be described as "extraordinarily severe." (19) In considering this, it is important to remember that the NHTSA's regulation setting minimum crash performance standards for occupant protection requires survivability at Delta V 30 mph, and that the agency tests cars for the New Car Assessment Program (NCAP) at Delta V 35 mph. The average Delta V for the cases in the Board's study was 27 mph; 19 of them involved a Delta V lower than 30 mph, 26 of them involved a Delta V lower than 35 mph. Thus, the majority of them involved crash forces below those against which the NHTSA believes occupant protection measures should provide survivability, and virtually all of them involved crash forces below those used in NHTSA's NCAP program to test the crash survivability of new car models. In other words, most of the Board's cases were in the "middle range" of crash severities at which occupant crash protection measures (seatbelts, for example) are expected to provide survivability (assuming no nonsurvivable factors at the seating location, such as severe intrusion). The case of the highest Delta V (43 mph) involved a vehicle with only unbelted occupants, and thus could not have been used to test rear seat lap belts "at the limit of their effectiveness," as Dr. Campbell put it. (Even in this crash, two of the three unrestrained rear seat occupants survived with only AIS 1 -- minor -- injuries.)

Dr. Campbell also attempts to demonstrate the "extraordinary severity" of the Board's cases by comparing the injury severities among the occupants with those of a selection of North Carolina crash-involved drivers (Figure 16, page 18, and Table 2, page 19). (20) We have discussed earlier the extreme improbability of the injury severity distributions for North Carolina drivers in high severity crashes presented in Table 2 (nearly 40 percent -- most of whom were undoubtedly unbelted -- received absolutely no injury, according to the North Carolina police data). Furthermore, 36 percent of all the Board case occupants were restrained by a lap only belt; although we cannot determine what proportion of the 5,059 North Carolina drivers were restrained at all, much less restrained with a lap-only belt, it certainly was far lower than 36 percent. This is crucial to the injury severity distributions, precisely because it is the Board's view that in frontal collisions, lap-only belts may unnecessarily induce injury in persons who would be less injured if lap/shoulder belted or even unbelted. Obviously, if (as is probable) almost all of the North Carolina drivers were either lap/shoulder belted or unbelted, it may not be surprising that they may have received a somewhat lower proportion of injuries than a group comprising a large proportion of lap-only belted occupants.

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(19) The Board's terms to describe ranges of crash severity were: Delta V 0-10: "low," Delta V 11-20: "moderate," Delta V 21-30: "moderately severe," Delta V 31-40: "severe," and Delta V >40, "very severe." A researcher at UMTRI, with extensive experience in motor vehicle crash studies, confirmed the reasonableness of these terms, only suggesting that a "milder" term than "low" be used for the Delta V 1-10 category.

(20) The title on Figure 16 is incorrect; it refers to "26 NTSB cases," but includes all 139 occupants of the 30 cases documented in the Board's study, not just the 26 involving lap belted occupants.

The significance of "wrong way" cases: Finally, Dr. Campbell suggests that there need be little concern about the lap belt performance seen in the Board's cases because "wrong way" cases (restrained person injured more severely than unrestrained person in same vehicle) "are entirely unremarkable and occur regularly." The Board quite agrees that the mere occurrence of this "wrong way" phenomenon in a crash or even a number of crashes is not, in and of itself, indicative of poor performance of the seat belt. However, the meaning (if any) of a "wrong way" occurrence can be determined only by determining what caused the injuries to the belted occupant(s). Thus, for instance, if the belted occupant(s) received more severe injuries because of being seated at a location of intrusion, whereas the less seriously injured unbelted occupant(s) were seated at locations where the compartment remained largely intact, there is no particular reason to raise concern about the performance of the seat belt(s). (There can be a variety of other reasons for belted occupants to receive worse injuries, reasons that would similarly not raise concern about belt performance; the belted occupant might be aged, and thus more prone to injury, or might have a specific preexisting condition such as heart damage or post-operative condition, etc.)

This was the case for most of the lap/shoulder belted occupants in the Board's cases who received more serious injuries than others in the same vehicle, and it is why the Board did not raise concern about the performance of the lap/shoulder belts. Such explanations, however, are not available for the poor performance of the lap belts in the Board's cases. Indeed, in many cases, the lap belt users were in more favorable circumstances than others in the vehicle, yet they sustained much more serious injuries -- induced by the belt itself.

The nature of the North Carolina data examined here by Dr. Campbell (indeed, the nature of all police accident report data) is such that one cannot perform this necessary examination of why particular "wrong way" cases occurred. It is only in sets of data such as the Board has provided in its study -- detailed, careful examination of what happened to each occupant's body during the crash and therefore why the injuries occurred and what accounted for their severity -- that such an examination can take place.

In the case of Dr. Campbell's set of rear seat occupant pairs, for example, there is no way to determine why the lap belted person was less injured in 59 of the 314 cases, nor why the lap belted person was more injured in 36 of the cases. (The same is true for the front seated pairs shows in Table 5, page 23.) In how many instances was the lap belted person injured more because the belt was irrelevant, given crash intrusion at that seating location? In how many instances was the lap belted person injured more because the belt itself induced injury that would not otherwise have occurred (i.e., if unbelted, that person would have been injured at about the same, lower severity level as the unbelted person seated adjacent)? Similarly, in how many of the North Carolina rear seat pairs was the unbelted person injured more only because he or she was seated at a location of intrusion? And in how many cases was the unbelted person injured more because they were unrestrained (i.e., if restrained, they would have been less severely injured)? (These types of questions would similarly need to be answered in regard to the front seated pairs in the North Carolina data set.)

Thus, to know whether "wrong way" cases are meaningful or not, one must be able to answer these types of questions. Since these questions are simply unanswerable in the case of the North Carolina data set, given the lack of reliable detailed information in police accident reporting, there is little insight to be gained, one way or another, from Tables 3 and

5 of Dr. Campbell's report (other than the fact that in the great majority of cases, lap belt use in the rear seat made no difference). (21) To conclude, however, that the existence of these unexamined "wrong way" cases in the North Carolina data set means the "wrong way" cases in the Board's study have no significance is incorrect and, we believe, dangerously misleading.

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(21) Certainly it is not justifiable to conclude, as Dr. Campbell does (page 22), that the "net result /of the rear seated pairs comparison/ favors the belted persons 59 vs. 36." With numbers as small as this, prudence suggests caution in reading much meaning into the outcome.

There is no obvious way to "improve" the FARS, NASS, and state police accident report databases so as to make it possible to reliably analyze rear seat belt effectiveness. The accurate determination of crash severity, injury occurrence and severity, and belt usage is far too detailed, time-consuming, and subject to error to expect police agencies, with their other higher-priority tasks, to perform. It might be possible to reduce substantially the number of errors and "unknown" data in the FARS database through improved quality control by the NHTSA. However, errors in police reporting in the three data categories mentioned above are probably not susceptible to correction through any type of "after-the-fact" quality control. As for the NASS system, it would seriously distort the representativeness of the NASS sample to try to collect a sufficient number of cases involving rear seat occupants, including rear seat belted occupants, to make reliable effectiveness estimates possible.

PUBLIC AIRCRAFT

Senator Lautenberg. A December 1986 GAO report states that both NTSB regional and headquarters officials saw no reason why public aircraft should be exempt from FAA safety regulations.

Could NTSB elaborate on the reasons for this position?

Answer. In general, FAA safety regulations establish minimum safety standards for aircraft maintenance and operations and flightcrew requirements. Public use aircraft currently are not required to conform to those safety standards. To the extent that governmental entities operating aircraft are voluntarily adhering to those minimum safety standards, their inclusion in the regulations should pose no hardship. To the extent that such operations are not in conformance with such minimum standards, however, they pose a safety hazard to the public and the regulated aviation activities.

Senator Lautenberg. In NTSB's opinion, how well operated and maintained are public aircraft?

Answer. The National Transportation Safety Board has only limited insight into public aircraft operations in that we investigate accidents and incidents only when invited to do so and as resources permit. It would appear from what we know, however, that aircraft owned and operated by the federal, state and local agencies are upholding, at a minimum, FAA safety standards. However, aircraft leased to these agencies may not be maintained at the same level. In addition, personnel operating these aircraft, on a lease basis, are not intimately familiar with the operations and environmental factors which prevail in their flight environment.

Senator Lautenberg. Are federal owned and or hired public aircraft operated to higher or lower standards than those owned or hired by other levels of government?

Answer. Again, insufficient investigations have been performed by the Safety Board to completely respond to this question.

Senator Lautenberg. GAO also reported that FAA and NTSB officials agreed that NTSB should be given the jurisdiction to investigate public aircraft accidents.

Why does NTSB see the need to investigate public aircraft accidents?

Answer. Thorough investigation of public use aircraft accidents involve similar safety problems and offer similar potential for identifying safety improvements as do civil aircraft. They involve the same airspace, the same equipment and the same human performance requirements. To leave this category of aircraft accidents uninvestigated or the findings from any investigations conducted unreported publicly is to risk missing a critical opportunity to identify and correct a safety hazard common to all of civil aviation.

Unfortunately the Safety Board's resources are inadequate currently to investigate public use aircraft accidents. If mandated to do so in the future, additional resources, beyond our requested 347 FTE level, will have to be made available.

Senator Lautenberg. It is our understanding that the NTSB does investigate some public aircraft accidents.

Under what circumstances does the Board investigate public aircraft accidents?

Answer. The Safety Board investigates public use aircraft when asked to do so by a federal, state or local agency and if and when resources are available. Highest priority is given to those cases in which it is believed safety lessons pertinent to the broader civil aircraft community can be attained.

Senator Lautenberg. Are the results of these investigations treated the same as the results of other NTSB investigations?

Answer. Agreement between the requesting government agency and the Safety Board determines the type of investigation to be conducted and type of final report that will be completed and forwarded to the agency. In most cases, data on these accidents is not stored in the public docket and is not released to any individual other than the requesting agency.

Senator Lautenberg. Has NTSB been able to arrive at any conclusions regarding the safety of public aircraft based on the number of public aircraft accident investigations it has performed?

Answer. No, because the Safety Board has only investigated an average of 16 public use aircraft accidents in each of the last three years.

Senator Lautenberg. GAO also reported that NTSB officials believe NTSB cannot currently perform all civil aircraft accident investigations let alone add the responsibility for public aircraft accident investigations because of resource constraints.

What adjustments has NTSB had to make in its accident investigations to compensate for these staffing constraints?

Answer. Severe budget cuts occurring between FYs 1980 and 1982 resulted in a 27 percent reduction in NTSB staffing which left the Board with 292 employees compared with the 401 persons it employed in FY 1980. These reductions forced the NTSB to critically evaluate all its programs to determine the minimum level of resources required to accomplish its Congressional mandate. At that time, the Board determined that a 347 full-time equivalent (FTE) staffing level, which represents a restoration of approximately 50 percent of the FY 1981 and FY 1982 reductions, was the minimum level required to fulfill these statutory responsibilities. In each year since then, we have requested this same FTE level.

Even with our continuing efforts to improve our operations, the effect of staffing at levels well below the minimum over the past several years has prevented us from being able to perform the numbers of investigations in all modes of transportation which we feel are necessary to fulfill our basic legislative responsibilities. For instance, our current estimate of output of major reports at a 310 FTE level (the staffing level commensurate with our FY 1988 requested dollar level) is 34 reports, or approximately 14 reports below what we consider to be the minimum level necessary to fulfill our oversight/public confidence mandate in all modes of transportation as well as in the hazardous materials area. The Board's independent oversight of these types of major accidents provides the necessary stability at a time when the public's confidence in the transportation system is threatened.

Similarly, we are well below minimum levels of field investigations where most of our efforts are focused on selected safety issues which potentially can be most adversely affected by our reduced staffing levels. For example, we need to be able to investigate approximately 4,400 accidents in this area to perform the minimum number of investigations we feel are essential to long-term prevention of injuries and death from transportation accidents. Our current estimate of output of these reports is approximately 3,500 -- well below the minimum.

Senator Lautenberg. What additional resources would NTSB need if its responsibilities included all public aircraft accidents?

Answer. Adding the investigation of public-use aircraft accidents to the Board's legislative responsibilities would require at least 15 additional FTE positions and approximately $1 million. These positions are in addition to the 347 FTE positions which we consider to be the minimum necessary to accomplish our other responsibilities.

Senator Lautenberg. The GAO reported that there has been confusion within FAA as to when aircraft hired by government units qualified as public aircraft. This confusion stems from the fact that the statutory definition of public aircraft does not specify any minimum length of time that the aircraft must be hired to qualify as public aircraft.

Has this confusion ever interfered with an NTSB investigation, i.e. an investigation was delayed or not performed because of uncertainty over the status (public or civil) of a particular aircraft involved in an accident?

Answer. Confusion that exists enters only when the aircraft is leased for public use purposes. The uncertainty of the actual operator or operation may delay the initiation of an accident investigation. However, our experience has indicated this is typically a minimal delay, several hours at most. Once the operation is identified the Safety Board will not pursue the investigation unless specifically requested to do so and we have agreed.

Senator Lautenberg. What is NTSB's opinion of the adequacy of the statutory definition?

Answer. The Safety Board believes it is adequate.

Senator Lautenberg. Does the law need to be made more specific?

Answer. Again, the Safety Board believes the law to be adequate.

Senator Lautenberg. Should the law be revised to eliminate all hired aircraft from the public aircraft category?

Answer. The Safety Board would be hard pressed, given current resources, to investigate the additional accidents such a change would precipitate. As noted above, we cannot responsibly advocate an additional workload in view of our concern with regard to maintaining our current workload.

Senator Lautenberg. Lately there has been an increase in the number of reported emergency medical evacuation and other types of police or emergency helicopter accidents.

Has the rate of accidents involving these types of helicopters been increasing?

Answer. The total number of accidents involving EMS helicopters has been increasing over the past five years. Review of the NTSB data base provided the following statistics:

1980 -- three EMS accidents were investigated -- two were fatal.
1981 -- three EMS accidents were investigated -- one was fatal.
1982 -- eight EMS accidents were investigated -- four were fatal.
1983 -- eight EMS accidents were investigated -- three were fatal.
1984 -- seven EMS accidents were investigated -- two were fatal.
1985 -- eleven EMS accidents were investigated -- five were fatal.
1986 -- fifteen EMS accidents were investigated -- four were fatal.

This data does not necessarily mean, however, that the accident rate has increased. During the period of 1980 to 1986, the total number of EMS helicopter programs increased from 40 to approximately 158. This increase in the total number of programs would cause an increase in the total number of accidents even if

the accident rate remained stable. At this time, NTSB does not have any reliable data concerning the accident rate because no one has an accurate estimate of the total number of hours flown by the EMS helicopter fleet (the EMS helicopter industry likes to report its accident rate per 100,000 patient transfers), but it is generally agreed within the industry that the rate is twice as bad as for the rest of the commercial helicopter operators.

Senator Lautenberg. Are many of these types of aircraft public aircraft?

Answer. The vast majority of EMS helicopters are operated by commercial operators. Of the approximately 160 EMS helicopter operations in the country, less than 20 (13%) utilize public aircraft. When EMS helicopter operations were first started, a good portion of the total were comprised of public use aircraft. The recent rapid growth of the industry, however, has come from commercial operators utilizing commercial aircraft.

Senator Lautenberg. Do they have higher accident rates than other types aircraft?

Answer. Since public use aircraft operators are not required to report accidents or incidents to the NTSB we have no data to indicate if this segment of the EMS helicopter community has a higher or lower accident rate than the commercial segment.

AUTOMATIC TRAIN CONTROL

Senator Lautenberg. At the time of the Subcommittee's January oversight hearing, the Conrail representative pledged to work with the Board, FRA and Amtrak on installation of automatic train control devices on Northeast Corridor locomotives.

Please provide a status of this Board recommendation.

Answer. The Board has not yet received a response to this recommendation.

Senator Lautenberg. The Board has recommended that all trains operating on the Northeast Corridor be equipped with automatic train control. Should the same recommendation be extended to other corridors with a mix of freight and passengers, such as New York-to-Albany?

Answer. The Safety Board has not investigated accidents involving the intermix of passenger and freight trains in locations other than the Northeast Corridor where the density of rail traffic even approaches that of the Northeast Corridor. The installation of a system to "assure that all locomotives operating on the high speed passenger train trackage of the Northeast Corridor are equipped with a device which will automatically control the train as required by the signals," is easily attainable on the Northeast Corridor because the necessary infrastructure to extend that system to all locomotives operating there is in place. However, recent advances in train control systems, which are presently being implemented by some major rail carriers, indicate that an advanced

train control system providing the protection recommended for the Northeast Corridor soon will be feasible from a cost/benefit standpoint.

REIMBURSABLE COSTS

Senator Lautenberg. Because of the Board's limited resources, I trust that costs incurred in the Challenger investigation were reimbursed by NASA. Please provide a summary of the Board's 1986 activities which were reimbursed by other federal agencies. Also identify any investigation activities outside the Board's usual gambit for which reimbursement was not provided, and reasons in each case.

Answer. As you note, the National Aeronautics and Space Administration (NASA) requested the services of the Safety Board in its investigation of the space shuttle "Challenger" accident. Although there was no formal written reimbursable agreement, a verbal commitment was made by NASA to reimburse the Safety Board for its efforts. However, after many conversations between Safety Board officials and NASA officials, NASA only agreed to reimburse the Safety Board for travel related expenditures (no salaries). The Safety Board incurred approximately $104,834 in additional costs, of which $41,000 was reimbursed by NASA. The Board's salary related expenditures totalling $63,834 were not reimbursed because of NASA's stated lack of appropriated funds.

The Department of the Air Force requested the services of the Safety Board in its investigation of the explosion of a Titan 34D military launch vehicle at Vandenberg Air Force Base. The Air Force agreed to reimburse the Safety Board for all costs incurred (salaries and expenses). Total reimbursement received was $20,577 (i.e., salaries $17,083 and expenses $3,494).

These are the only two reimbursements received by the Board for accident investigation services provided to other government agencies. However, the Board did provide various accident investigation services on a non-reimbursable basis to other agencies as part of our interagency agreements with those agencies. During 1986, we investigated 23 accidents involving the following agencies' aircraft:

Number of Accidents	Agency
1	Town of Boone, North Carolina
3	Department of Interior
1	Alabama Bureau of Investigation
2	Civil Air Patrol
1	State of Wyoming Agriculture Department
1	U.S. Customs Service
1	Maryland State Police
1	Brookhaven National Laboratory
1	U. S. Forest Service
2	Drug Enforcement Agency
2	Federal Bureau of Investigation
1	Kern County Sheriff's Department

1	Louisiana Department of Wildlife and Fisheries
3	Federal Aviation Administration
1	State of California, Department of Justice
1	Alaska State Police

RANDOM TESTING

Senator Lautenberg. The Board supports proper training of managers and supervisors to detect impairment. Is this practical with drug abuse?

Answer. The training of managers and supervisors to detect both drug and alcohol abuse is feasible and practical. For instance, training is being conducted successfully by the Southern Pacific Transportation Company. Southern Pacific's aggressive "reasonable cause" testing program is successful because supervisors have been trained to recognize symptoms of alcohol and drug impairment, and they use their job expertise and experience to detect violations in rules or procedures (or other safety compromising errors), which automatically trigger alcohol and drug screening. Training supervisors to reach the level of drug-detecting skills that a physician possesses is not necessary; rather, it is important to establish an effective employee supervision program and a mechanism that triggers drug testing when there is a potential for compromising safety on the job.

Senator Lautenberg. Do you feel, for example, that FAA air traffic controller supervisors have, or will receive, such training?

Answer. The Board has not been aware that air traffic controller supervisors have received adequate training in drug abuse detection, but we will be monitoring the FAA's new anti-drug abuse program as it is implemented in the coming months.

TRUCK DRIVER TRAINING

Senator Lautenberg. You note that the training requirements for truck driving are inadequate or nonexistent in many states. You also point out that the Commercial Motor Vehicle Safety Act of 1986 establishes "the essential elements of a national license system for commercial drivers."

Will this take care of the training problems?

Answer. The Safety Board's study of "Training, Licensing, and Qualifications Standards for Drivers of Heavy Trucks," issued in 1986, recommended development of a national driver's license program for commercial drivers. According to that study, a requirement for formal training should be included in the prerequisites for obtaining a national license.

The uniform licensing system called for by the Commercial Motor Vehicle Safety Act of 1986 is in keeping with the principles advocated by the Safety Board. The Act contains a number of requirements for the licensing system, most of which are in

agreement with the Board's recommended guidelines, but the 1986 legislation does not constitute a finished, detailed licensing plan. It remains for the Department of Transportation to develop such a plan.

Since the Act does not stipulate a training requirement for licensure under the new system, it does not, by itself, take care of the training problems. The Act does direct DOT to develop standards for applicant testing and qualification procedures that will ensure that license holders have all the attributes necessary for safe truck driving.

It remains the Safety Board's position that a requirement for formal training should be included in the standards developed by DOT. The Safety Board will continue to advocate that requirement in forums such as the rulemaking effort called for by the Act.

Senator Lautenberg. How will substandard training programs be addressed?

Answer. The Safety Board does not anticipate that DOT will deal directly with such programs. Rather, it is expected that this function will be undertaken by the Professional Truck Driver Institute of America (PTDIA), which is currently developing a program for certifying truck driver training programs.

DOD MUNITIONS

Senator Lautenberg. In your statement, you indicate that the Board has issued recommendations on the transportation of Department of Defense (DOD) munitions.

What is the substance of your recommendations?

Answer. The Safety Board investigated an accident involving the overturn of a tractor-semitrailer transporting torpedoes through Denver, Colorado on August 1, 1984, and as a result issued several safety recommendations to the Department of Defense (DOD). Safety recommendations addressed the adequacy of the DOD munitions transportation safety program and DOD assistance to local emergency response personnel following accidents.

The Safety Board recommended that the DOD establish an effective 24-hour communication system to provide local emergency response personnel immediate access to personnel who can provide expertise on the threats posed by the munitions involved in an accident. In conjunction with this recommendation the Safety Board recommended that the DOD amend its response procedures to provide more prompt, coordinated help to local emergency response personnel and to provide cross-service training and technical reference materials to DOD personnel responsible for providing technical assistance. The Safety Board also recommended that the DOD amend its special instructions that accompany munition shipments to include comprehensive shipment-specific information on hazards shipment-specific guidance on precautionary actions to be taken by on-scene local emergency response personnel.

Additionally, the Safety Board recommended that the DOD require motor carriers transporting its munitions to meet safety standards greater than those established by the Department of Transportation. In conjunction with that safety recommendation, the Safety Board recommended that the DOD establish a safety evaluation program to monitor motor carrier compliance with its safety requirements. Further, the Safety Board recommended that the DOD revise its loading specifications for explosives and other high-hazard shipments to provide the lowest possible center of gravity consistent with other safety requirements.

The Safety Board also investigated an incident on August 12, 1985, involving a cargo tank of hazardous waste enroute from the Norfolk Naval Shipyard to a waste disposal facility in New Jersey. Enroute, the hazardous waste leaked from its container, and emergency response personnel were not able to identify from the information available on the truck, the real threats posed to the community. As a result of its investigation, the Safety Board reiterated the recommendation to the DOD to establish an effective 24-hour communication system to provide help to on-scene emergency response personnel. Additionally, the Safety Board recommended that the DOD identify on shipping papers the relative amounts of hazardous ingredients contained in DOD waste shipments and that it include action that can be taken to mitigate hazards in the event of a release.

On August 4, 1985, a tractor-semitrailer transporting bombs collided with an automobile on I-40 near Checotah, Oklahoma. A fire erupted and several bombs exploded. As a result of its investigation, the Safety Board reiterated the need for the DOD to establish more stringent safety requirements for motor carriers transporting its shipments, and the need to establish a program to monitor compliance with the safety requirements. Additionally, the Safety Board recommended that the DOD implement a program to ship explosives over routes that will minimize public exposure and to provide thermal protection to allow reasonable time for the evacuation of nearby persons for those explosives shipments which pose the greatest fragment and overpressure hazards when engulfed in fire.

Senator Lautenberg. What order of priority do you assign to them?

Answer. The Safety Board believes that the DOD should act expeditiously in its response to all of the above the above recommendations. Public exposure to munitions shipments has doubled in the past seven years as shipments have increased from 23,456 shipments in 1980 to 47,593 in 1986. During the same period, DOD Class A and Class B explosive shipments have been involved in 49 highway accidents in 25 states.

The DOD can implement more stringent requirements for drivers transporting its munitions and assure that munitions carriers transport their cargo over the safest routes available and with minimum transit time.

Because of the severe consequences that can result when these shipments are involved in accidents, the DOD must take steps to

reduce the risks. The Safety Board has identified truck driver inexperience, poor training, and truck driver error as causal factors in accidents involving munitions. Previously, the Safety Board concluded that if employee's driver license records and levels of operational experience were reviewed more carefully and more stringent standards were established for licensing and employment, the number of truck accidents involving hazardous materials resulting from errors by drivers could be decreased.

Further, it is local emergency response personnel who must deal initially with the uncertainties of the threats when munitions are involved in accidents. Therefore, it is important that they be provided immediate specialized information about the cargo and the benefit of timely DOD expertise to aid them in making prudent decisions on actions for protecting the public.

Senator Lautenberg. How has DOD responded?

Answer. The DOD's response has resulted in closing some recommendations. The DOD has taken action to require that a 24-hour emergency telephone number be provided on shipping papers and has revised its procedures to improve on-scene emergency response assistance. Additionally, the DOD has advised the Safety Board that cross-service training and technical reference materials are now provided to appropriate personnel.

The DOD also has agreed to annotate on shipping papers of hazardous waste the relative amounts of ingredients, and committed to review the loading specifications for the land transportation of munitions.

The Safety Board is pleased to learn that the DOD has committed to fund in FY 88 a safety evaluation and monitoring program for munitions transporters. Properly implemented, this program should assure that only motor carriers with safe operating practices and that properly trained and qualified drivers are allowed to transport munitions. Although the Safety Board feels that such a program should be implemented immediately, it is essential that it be appropriately funded next year.

The recommendations to the DOD concerning the routing of munitions shipments and the need for thermal protection for munitions shipments currently are being forwarded to the DOD. Consequently, there has not been appropriate time for a Answer.

UMTA ALCOHOL AND DRUG RULE

Senator Lautenberg. The Board has issued a recommendation to the Urban Mass Transportation Administration (UMTA) regarding alcohol and drug testing.

What is the substance of your recommendation?

Answer. We recommended that UMTA adopt alcohol and drug rules similar to those of the Federal Railroad Administration including: post-crash toxicological testing, pre-employment drug screening, and establishment of employee assistance programs.

Senator Lautenberg. Would your recommendation apply testing rules to supervisory personnel as well as to drivers, engineers and other operating crews?

Answer. The Board recommended that supervisory personnel and all others in safety-sensitive positions be subject to alcohol and drug rule requirements.

Senator Lautenberg. What safeguards for the individual would you recommend with respect to the structure and administration of a drug and alcohol testing program?

Answer. The Board defers to others with greater expertise any recommendations as to the design of specific program procedures. We do note, however, that the alcohol and drug program instituted by the Southern Pacific Transportation Company appears to be an effective and well run program.

Senator Lautenberg. How would you deal with the problem of false positives?

Answer. The use of confirmatory tests such as the gas chromatography/mass spectrometry tests on all positive screening test results is a well-recognized requirement for competent drug testing programs.

Senator Lautenberg. How would you make sure testing is not abused to harass employees?

Answer. A well constructed program including adequate scientific safeguards in testing procedures, carefully defined rules and procedures, and appropriate training for management and employees would seem to be the best defense against any misuse of a testing program.

Senator Lautenberg. Why shouldn't testing and enforcement be vested directly in appropriate federal officials?

Answer. In an industry as large as mass transit there are simply too many companies, facilities and personnel to expect a federal workforce to monitor and provide enforcement of alcohol and drug rules. Aggressive federal oversight of implementation of federal alcohol and drug rules by the industry would seem to be the more realistic and cost-effective approach.

ADEQUACY OF FAA REGULATIONS

Senator Lautenberg. Mr. Burnett, you testified last year that "FAA regulations on the operational side are only of a minimal nature. Just a few years ago before we got into the deregulated environment, all of the major carriers were operating at a training and experience level that were far in excess of FAA regulations. Now you have competition to bring us down to where we butt up against FAA regulations ...."

Do you still hold this view? Can you give us some specific examples of what you mean here?

Answer. Yes. The Federal Aviation Regulations define the minimum standards necessary to assure safety within the aviation industry, safety being a somewhat subjective evaluation. For the most part, the air carriers meet criteria that are well beyond these minimum requirements. This is probably more evident in the operational aspects of regulation than in areas such as airworthiness. Before deregulgation, most of the air carriers had a relatively stabilized workforce of pilots and flight engineers. Many had joined the airline after serving as military pilots in World War II and Korea. It was normal for pilots to take years to progress to captain, thereby gaining experience while functioning as flight engineers and first officers that was far greater than the prescribed regulatory requirements for captain.

When deregulation prompted the rapid growth of new airlines, particularly the commuters, there was a sudden demand for new pilots. This occurred at a time when many of the ex-military pilots hired in the 50s and 60s were reaching the age 60 retirement limit. Consequently, the experience level of new hires has diminished and, even more significant, the experience gained after hiring on with an airline before making captain has been greatly reduced. For commuters, pilots are sometimes upgraded to captain with less than a year's experience with the airline.

Senator Lautenberg. What do you recommend we do about the problem?

Answer. The Safety Board addressed this issue during several recent investigations which culminated with the issuance 21 safety recommendations to the FAA. Eleven of these recommendations recognized that the lower experience level of flightcrews can be partially compensated by improvement in training programs and effective FAA surveillance.

Enclosed are copies of safety recommendations A-86-98 through 118 which were issued in October 9, 1986.

COPIES OF SAFETY RECOMMENDATIONS A-68-98 THROUGH 118

Date: October 9, 1986

In reply refer to: A-86-98 through -118

Honorable Donald D. Engen
Administrator
Federal Aviation Administration
Washington, D.C. 20591

The investigations of three recent commuter air carrier accidents have prompted the National Transportation Safety Board's concern about several significant safety issues.

- On August 25, 1985, Bar Harbor Airlines Flight 1808, a Beech Model 99, crashed during an Instrument Landing System (ILS) approach to Auburn-Lewiston Airport, Auburn, Maine. The airplane struck trees at an elevation of 345 feet mean sea level (msl) in a wings level attitude 4,000 feet from the end of the runway threshold and 440 feet to the right of the extended runway centerline; all eight persons aboard were fatally injured. 1/

- On September 23, 1985, Henson Airlines Flight 1517, a Beech B99, crashed during an ILS approach to Shenandoah Valley Airport, Weyers Cave, Virginia. The airplane struck trees at an elevation of 2,400 feet msl in a wings level attitude about 6 miles east of the airport; all 14 persons aboard were fatally injured. 2/

- On March 13, 1986, Simmons Airlines Flight 1746, an Embraer EMB-110P1, crashed during an ILS approach to Phelps Collins Airport, Alpena, Michigan. The airplane struck trees at an elevation of 725 feet msl in a wings level attitude about 1.5 miles from the end of the runway threshold and about 300 feet to the left of the extended runway centerline; three of the nine airplane occupants were fatally injured. 3/

All three accidents were scheduled domestic passenger flights operating under 14 CFR 135. The airplanes were in controlled flight at the time of the accidents. All three accidents occurred while the flightcrews were attempting to complete precision instrument approaches in instrument meteorological conditions. None of the flightcrews, all of whom had been in radio contact with an air traffic control facility, indicated that they were experiencing an airplane or equipment problem, and none of the postaccident examinations disclosed airplane or equipment problems which would explain the accidents. Thus, the investigations focused on the performance of the flightcrews, their experience and training, the Federal Aviation Administration's (FAA) oversight of the carriers' training programs, the operating procedures used, the human performance issues of the cockpit environment, the potential safety enhancement provided by ground proximity warning devices, and other safety issues.

Training and Testing Standards

The investigation disclosed that two of the airlines permitted their pilots to continue an actual line ILS approach even though they had deviated a greater distance from the glideslope or localizer centerline than would be considered satisfactory during a training or check flight. At Bar Harbor Airlines, performance criteria were established

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1/ For more detailed information, read Aircraft Accident Report--"Bar Harbor Airlines Flight 1808, Beech B-99, N300WP, Auburn-Lewiston Airport, Auburn, Maine, August 25, 1985" (NTSB/AAR-86/06).
2/ For more detailed information, read Aircraft Accident Report--"Henson Airlines Flight 1517, Beech B-99, N339HA, Shenandoah Valley Airport, Grottoes, Virginia, September 23, 1985" (NTSB/AAR-86/07).
3/ The investigation has not been completed.

for ILS approaches conducted during training, and different criteria were established for flight checks; senior instructor pilots, however, were unable to relate the training or flight check criteria to the limits prescribed for line operations. Henson Airlines officials said that they would expect a pilot to execute a missed approach if the glideslope or localizer needles deflected full scale "in accordance with Federal regulations." Title 14 CFR 135 requires that the Pilot in Command (PIC) hold an Airline Transport Pilot (ATP) Certificate; the ATP Flight Test Guide (AC 61-77) prescribes that the glideslope and localizer needles be kept within a "one dot" deflection throughout the conduct of an ILS approach. However, an FAA Principal Operations Inspector (POI) for Henson Airlines stated that he was guided by the criteria found in the Instrument Pilot Airplane Flight Test Guide (AC 61-56A); the guide specifies that a glideslope or localizer deviation resulting in a full scale needle deflection is disqualifying on an instrument rating flight check. The POI believed that he could not impose more stringent criteria on the airline.

The Safety Board believes that airlines operating under the provisions of 14 CFR 135 should require their Pilots in Command to demonstrate the instrument flying precision required for an ATP rating during all competency and instrument proficiency checks; that is, an ILS approach, to be considered acceptable shall be conducted so that glideslope and localizer indicators do not exceed one dot deviation. Further, the Safety Board believes that commuter airlines should specify in their Operations and Training Manuals that a missed approach is required any time that a glideslope or localizer deviation of more than one dot needle deflection occurs after initial stabilization on the ILS approach.

Chapter 4, paragraph 72c(4) and (5) of the Air Carrier Operations Inspector's Handbook-Part 135 (8430.1D) describes the instrument experience requirements for a Second in Command (SIC) pilot. Section (5) states: "The instrument proficiency check requirements in section 135.297 are only required for PIC's under Part 135. However, under the provision of Section 135.293(b), "The competency check may include any of the maneuvers and procedures currently required for original issuance of the particular pilot certificate required for the operations authorized. . . ." Section (5) further states that, "the person conducting a check under Section 135.293 may require demonstration of instrument competency . . . ."

The Safety Board interprets Sections (4) and (5) of the Handbook to mean that it is entirely at the discretion of flight check airmen to require that SICs demonstrate instrument competency. In fact, as long as SICs meet the recent instrument experience requirements of 14 CFR 61.57(e)(1), that is 6 hours of actual or simulated instrument time and six instrument approaches during the preceding 6 months, they may never be required to demonstrate instrument proficiency until they qualify for upgrading to a PIC position. The Safety Board believes that SICs should be required periodically to demonstrate instrument proficiency and to pass a proficiency check to the standards prescribed for the certificate held by that pilot.

Flight Check Standards

Title 14 CFR 135.297(c), with regard to the instrument proficiency check required by paragraph (1), states that a flight check must be performed ". . . under simulated or actual IFR conditions."

Following the Henson Airlines accident, the Safety Board learned that instrument training and proficiency checks were conducted in airplanes in visual meteorological conditions without the use of a vision-restricting device or a hood. The Safety Board is concerned that this practice may not be confined to Henson Airlines alone.

Instrument training should be conducted in a manner closely simulating actual instrument meteorological conditions. In the absence of an approved simulator or an advanced training device (ATD), training in the airplane should be conducted in a manner that will prevent pilots from obtaining visual cues. The practice at Henson Airlines allowed pilots who were receiving instruction or who were being tested to lower their seats rather than to use a vision restricting device. Since significant visual cues are provided to the pilot by peripheral vision, even if forward vision is somewhat restricted by this practice, this type of training environment is inappropriate and cannot provide an adequate opportunity either to develop instrument flying skills or to demonstrate instrument flying proficiency. Because the POI was aware of and accepted this practice, the Safety Board believes that the FAA should advise POIs to review air carrier training programs to verify that instrument flight training and checks are conducted in a properly simulated manner. Where approved simulators or ATDs are not available, appropriate vision restricting devices should be required.

In its special study 4/ on commuter airline safety, the Safety Board noted:

> . . . pilot training would benefit greatly from increased use of flight simulation. While the number of suitable simulators is limited, they are generally available at aircraft manufacturers' training locations. The Board believes that training at manufacturers' training facilities will provide the most up-to-date simulator flight training. The Board urges the FAA and the commuter industry to encourage the development of sufficient numbers and types of aircraft flight simulators needed to upgrade the quality and scope of commuter airline training.

In light of the three accidents discussed in this letter in which training and pilot competency were issues, the need for the development of flight simulators is becoming increasingly more important so that the quality and scope of commuter airline pilot training may be upgraded.

In part, at the instigation of the Regional Airline Association, the FAA has initiated efforts through its Proposed Advisory Circular, AC No. 120-XX, in proposing standards for the procedures and criteria for use and evaluation of aircraft flight simulators (Advanced Training Devices) under 14 CFR 135. The Safety Board strongly supported the FAA's efforts in its letter dated May 23, 1986 and cautioned that, "the use of Advanced Training Devices (ATD) alone may not result in improved regional airline pilot capabilities. Rather, the use of these devices must be augmented by a comprehensive training program for Part 135 operators." The Safety Board urges the FAA to expedite its program to introduce comprehensive standards on the use of aircraft flight simulators and to work with the industry in acquiring such training devices.

Cockpit Instrumentation and Equipment Standardization

Nonstandardization in cockpit instrumentation and equipment may have had an adverse effect on the performance of the fightcrew in two of the three accidents under discussion.

In the case of Henson Airlines, the company operated eight Beech 99 airplanes. Each was equipped with two fully functional VHF navigation radios, consisting of a receiver, a control head with frequency selector located in the center of the instrument panel, and a navigational display located on the captain's instrument panel. 5/ Five airplanes were equipped with a third completely independent VHF navigation radio with a navigational display, receiver, control head, and frequency selector located on the first officer's instrument panel; however, three airplanes were equipped with slaved, or partially slaved third very high frequency (VHF) navigational displays located on the first officer's instrument panel. The VHF radios were not identical and the navigational displays were not uniformly positioned on the flight instrument panels. More specifically, three airplanes, including the accident airplane, were equipped with two fully functional King radios with the navigational displays on the left side of the captain's panel and one completely independent Narco radio on the lower right side of the first officer's instrument panel. Two other airplanes were similarly equipped, with the exception that the independent Narco radios were on the lower left side of the first officer's panel. Two airplanes were equipped with two fully functional Narco navigation radios with navigational displays on the left side of the captain's instrument panel and one slaved navigational display on the lower left side of the first officer's instrument panel, which was a repeater of the No. 1 Narco radio. One other airplane was equipped with two King radios on the left side of the captain's panel and one partially independent Narco radio with its navigational display on the lower left side of the first officer's panel. The partially independent Narco radio had an independent very high frequency omnirange station (VOR) and localizer, but it had a slaved glideslope which was a repeater from the No. 1 King radio. Furthermore, on six airplanes the independent Narco radios on the first officer's side were incapable of receiving aural station identification.

In the case of Bar Harbor Airlines, the operator equipped its Beech 99 fleet with different ILS equipment. Most of the displays (King KI 204s) depicted a five-dot

4/ For more detailed information, read Special Study "Commuter Airline Safety 1970-1979" (NTSB-AAS-80-1).

5/ Navigational displays consist of omnibearing selector (OBS), course deviation indicator (CDI), glideslope (GS), TO/FROM indicators, ON/OFF flags, and a scale to indicate the degree of deflection from the centerline of the selected VOR radial or the localizer and the glideslope.

graduation for localizer and glideslope deviations. Some airplanes had installed the KI 214 ILS displays which have a five-dot graduation for localizer deviation but only a three-dot graduation for glideslope deviation. The localizer and glideslope needles of the KI 204 displays move laterally and vertically, respectively, through the instrument face. On the KI 214 display, the localizer needle pivots left or right from the top of the instrument while the glideslope needle pivots up or down from the left side of the instrument. Other airplanes operated by this airline were equipped with Collins navigation radios.

In its investigation of the Henson accident, the Safety Board attached great significance to the fact that some of Henson's Beech 99s had VOR/ILS navigational displays on the first officer's panel that were slaved off the captain's No. 1 radio while others were independent. Thus, the first officer may have thought that she was flying the ILS from the slaved indication off the captain's No. 1 radio, while, in fact, the navigation radio on her side was an independent unit.

Similarly, the different VOR/ILS displays installed in the Bar Harbor fleet, with different graduations and visual characteristics, could have caused confusion with respect to the ILS deviation limits. Since the displacement of the needles of the different displays were not comparable, it is conceivable that the pilot may have been misled to believe that he was closer to the centerline of the localizer and the glideslope parameters than was actually the case.

Major air carriers, pilot groups, and large aircraft manufacturers have been aware of the problems brought about by nonstandard cockpit displays and equipment. Over the years, the emphasis in Part 121 air carrier operations has been to achieve standardization of cockpits throughout a major air carrier's fleet. Many commuter air carriers, however, often are confronted with having to purchase airplanes for their operations as they become available from other operators within the general aviation community or from different airplane manufacturers which have different concepts of and solutions to the human engineering problems presented in the design of airplane cockpits. The Safety Board realizes that total standardization of an air carrier's fleet could present significant, if not prohibitive, economic penalties. Nevertheless, the Board believes that the lack of cockpit standardization is a hazard to flight safety and must be addressed by the FAA and the commuter industry. The Board also believes that the FAA should provide guidance to commuter air carrier operators regarding the benefits to be derived from cockpit standardization and with respect to flight safety and should require that pilots be trained in the differences in cockpit instrumentation and equipment and the human performane problems associated with nonstandard cockpit design.

Availability of Navigational and Approach Charts

In the Henson Airlines accident aircraft, only one set of approach and en route charts was provided in the cockpit. Procedures called for the pilot who was flying to have custody of the approach chart. Therefore, the PIC of the flight had no immediate reference to check the accuracy of the approach flown by the first officer. In the Simmons Airlines accident aircraft, both pilots had approach charts in their possession, but the PIC's charts were found in his closed flight bag. The surviving pilot stated, "It did not matter if only one approach chart was used while conducting an approach—as long as it was current." Only one chart was in use at the time of the accident; that chart was in the possession of the nonflying pilot.

The Safety Board believes that pilots at the controls should have their own set of pertinent navigational charts in their possession and accessible at all times. Also, if the nonflying pilots are to fulfill their duties in monitoring flight and navigation instruments, making radio calls, and calling out altitudes, it is necessary for those pilots also to have the continuous use of a set of charts. If a single chart has to be passed back and forth, or if one pilot has to move out of position to see a chart which is in the possession of the other pilot, confusion, poor flight monitoring, and inadequate cockpit coordination can occur.

Pilot Experience, Cockpit Coordination, and Pilot Scheduling

In all three accidents, the pilots were relatively new to their positions in the cockpit. In the Henson and the Simmons accidents, the captains had been with the company for about a year and had been upgraded only recently to captain; both first officers had been with the company less than 2 months. In the Bar Harbor accident, the captain had been with the company for about 15 months, a captain for about 1 year, and in his position as captain of a Beech 99 for about 3 months; the first officer had joined the carrier only 3 months before the accident.

The Safety Board believes that the safe conduct of these three flights may have been compromised by a lack of coordination in the cockpit. Little time was devoted to cockpit coordination during training. In fact, most "training" occurred on the job. Consequently, compromises in the decision making processes and in cockpit coordination may have been factors in all three accidents because of the low-time experience of at least five of the six pilots.

Title 14 CFR 135.225(d) states:

> The [minimum descent altitude] or [decision height] and visibility landing minimums prescribed in Part 97 of this chapter or in the operator's operations specifications are increased by 100 feet and 1/2 mile respectively, but not to exceed the ceiling and visibility minimums for that airport when used as an alternate airport, for each pilot in command of a turbine-powered airplane who has not served at least 100 hours as pilot in command in that type of airplane.

In the current era of rapid pilot turnover and the hiring of less experienced pilots in the commuter industry, a solution to problems related to inexperience could be to request commuter airlines to schedule flightcrews so that relatively inexperienced captains are teamed with experienced first officers and that inexperienced first officers only be scheduled to fly with senior captains. The Board believes, however, that the underlying problem with respect to pilot experience may be found in the FAA's check airman program and its surveillance thereof. The Safety Board's findings of less than desirable knowledge by senior instructor pilots about standards for line flying at Bar Harbor Airlines, the less than adequate instrument training methods used at Henson Airlines, and the sudden surge in checkride failures of pilots at Henson Airlines is indicative of inadequate training or of compromises being made in the check airman program. The Board's investigations of these accidents revealed that the POI at Henson Airlines had not monitored any Beech 99 check rides for 3 months, and that the POI at Bar Harbor Airlines had not monitored any Beech 99 check rides for at least 5 months. Therefore, the Safety Board believes that pilot training may have suffered due to the absence of FAA oversight of the check airman program and that this lack of oversight prevented the detection of the less than adequate pilot surpervision in line flying and the failure of crewmembers to adhere to established procedures and company standards. The Safety Board believes that the FAA should strengthen its oversight of the check airman program and ensure that both training and check rides by designated check airmen are performed to the highest standards and in a standardized manner.

Ground Proximity Warning Devices

In all three accidents, the airplane was flown into trees under controlled flight conditions, fatally injuring 25 persons. The Safety Board is convinced that each of these accidents could have been prevented if the flightcrew had been alerted to their proximity to the ground in sufficient time to have initiated missed approach procedures.

Between 1975 and 1985, scheduled domestic passenger flights operating under 14 CFR 135 were involved in 31 controlled flight into terrain (CFIT) accidents which resulted in 79 fatalities. Most of these accidents might have been prevented if a ground proximity warning device had been available.

In December 1974, the FAA adopted a rule requiring that large turbine-powered airplanes be equipped with Ground Proximity Warning Systems (GPWS) by December 1, 1975. Ample evidence indicates that the GPWS fulfilled its intended function. Safety Board statistics indicate that CFIT accidents in Part 121 air carrier operations have steadily decreased since the introduction in 1975 of the GPWS. From 1975 to 1978, CFIT accidents decreased by 75 percent from the pre-1975 era. Since then, CFIT accidents have become a rare event in Part 121 operations.

In 1985, the commuter fleet consisted of 1,745 aircraft. That number has increased from 1,047 since deregulation in 1978 and is forecast to reach 2,300 aircraft in 1995. Currently, about 179 commuter air carriers operating under 14 CFR 135 may carry up to 30 passengers in their airplanes. Under the provisions of 14 CFR 135.153, no persons may operate a turbojet airplane with a passenger seating configuration, excluding any pilot seat, of 10 seats or more, unless it is equipped with a GPWS. This protection is not afforded those passengers on turboprop airplanes with 30 seats or less. Thus, this regulation does not apply to most of the commuter fleet.

As an example of the terrain protection afforded by the GPWS, the Safety Board examined the alerting features of a GPWS product and applied the specifications to the flightpaths of the three accident airplanes. In the Henson accident, the GPWS would have activated approximately 29 seconds before impact. The same GPWS would have activated at least 10 seconds—and possibly as much as 17 seconds—before impact in both the Bar Harbor and Simmons Airlines accidents.

The Safety Board realizes that a full GPWS, such as those installed in large turbojet airplanes, may be prohibitively expensive to retrofit into Part 135 type airplanes. However, other devices are available which could provide viable alternatives to a full GPWS. The Safety Board believes that the FAA and the commuter industry must address the installation of ground proximity warning devices in turbine-powered airplanes used by commuter air carriers for the commercial transport of 30 or fewer passengers.

Adequacy of Surveillance

In all three accidents, the time available to the POI to maintain effective surveillance was severely curtailed. In the case of Henson and Simmons Airlines, the POIs had been occupied for a number of months with preparations for the addition of a new airplane to the airlines' fleet. The POI for Simmons estimated that well over 90 percent of her time was spent with the new airplane. The POI for Bar Harbor Airlines testified that he did not have time to carry out his surveillance and inspection tasks effectively because of the increased workload required to surveil 20 other certificate holders.

Surveillance of the air carrier industry has been a long standing concern of the Safety Board. Since 1978, the Safety Board has conducted 15 air carrier accident investigations in which deficiencies in FAA surveillance were cited. The Board has maintained that a sufficient margin of safety in an air carrier operation can only be achieved through sustained and discerning surveillance by the FAA. In its 1980 special study on commuter airline safety, the Safety Board concluded that:

(1) Sufficient indicators existed before 1979 which should have caused the FAA to strengthen commuter surveillance programs.

(2) The FAA has been slow to recognize that FAA inspector workloads and GADO staffing levels do not allow adequate surveillance of the commuter industry.

While the FAA has responded positively in many instances to numerous safety recommendations on the subject of surveillance, these three accidents are evidence that the same problems continue to exist.

The Safety Board appreciates the latest efforts of the FAA to alleviate the surveillance problems of the commuter airline industry. The hiring of additional well trained inspection personnel and the objectives of the FAA's Safety Activity Functional Evaluation (SAFE) program will assist in providing adequate surveillance. However, these measures, in many instances, are still in their infancy and consequently will require a period of time before measurable benefits can be derived and validated. The Safety Board believes that the continued dynamic growth of the commuter industry and these latest accident findings warrant the development of more timely interim measures, procedures, and guidelines. The Safety Board believes that a minimum level of direct surveillance should be established in terms of periodic assistance visits, maintenance inspections, airplane checkrides, etc., to oversee commuter air carrier operations and that the required level of personnel to execute such a program should be identified for each Air Carrier District Office having oversight responsibilities of commuter air carriers. Additionally, guidelines should be developed and issued to provide for continued surveillance of commuter air carriers during periods when the POI is unable to fulfill these duties because of other work exigencies.

Cockpit Noise Levels and Crew Coordination

In the two accidents involving Beech 99 airplanes, inadequate flightcrew coordination procedures may have been a factor. Also, excessive cockpit noise levels probably adversely affected the ability of the flightcrews to communicate.

Both flights were operated under the provisions of 14 CFR Part 135.99 which require the use of two pilots. Further, the flight manuals of both carriers require specific flightcrew coordination procedures. However, neither airplane had an interphone system and such a communication system was not required by regulation. The Safety Board found

that the flightcrews of both Henson and Bar Harbor Airlines used hand signals to communicate certain routine information. Although the single hand signal (to reduce power after takeoff) used by Henson pilots was not sanctioned by the operations manual, it was taught in flight training. Bar Harbor pilots used hand signals to identify altitudes but these were not officially acknowledged in the operations manual.

In 1981, as a result of a Cascade Airways Beech 99 accident in Spokane, Washington, 6/ in which the cockpit's noise level was an issue, the Safety Board recommended that the FAA establish maximum cockpit noise levels which will permit adequate direct voice communication between flightcrews (Safety Recommendation A-81-75). The Safety Board also recommended that the FAA require the installation and use of crew interphone systems in the cockpits of those aircraft in which noise levels reach or exceed the maximum established noise levels (Safety Recommendation A-81-76).

In response to Safety Recommendation A-81-75, the FAA issued a report 7/ on July 19, 1982, in which a preferred frequency speech interference level (PSIL) 8/ of 78 was cited as the preferred maximum noise level in commercial transport cockpits. The FAA stated in its response to the Safety Board that it would issue an Advisory Circular (AC) on this issue. The Safety Board placed Safety Recommendation A-81-75 in an "Open-Acceptable Alternate Action" status. To date, no such AC has been issued, although the Safety Board is aware that a draft AC has been in circulation for almost a year.

In its response to Safety Recommendation A-81-76, the FAA stated, "We have been unable to locate a significant historical data base where cockpit noise interference with crew duties was a probable cause. Therefore, we believe that any economic burden placed on the aviation community in this regard cannot be justified on a cost-benefit basis." Safety Recommendation A-81-76 also was placed in an "Open-Acceptable Alternate Action" status.

As a result of its investigation of the Henson and the Bar Harbor accidents, the Safety Board has reevaluated its position on the FAA's response to Safety Recommendations A-81-75 and -76. The Board believes that excessive Beech 99 cockpit noise levels precluded effective oral communication and contributed to a reduction in communications between the flightcrews in these accidents. Consequently, the noise levels interfered with proper and timely crew coordination.

In a full-mission simulation study conducted at the National Aeronautics and Space Administration, researchers found that, "when more information was transferred regarding aspects of flight status, few errors appeared which were related to systems operation (e.g., . . . misreading and missetting of instruments . . . Overall there was a tendency for crews who did not perform as well to communicate less—a finding which underscores the importance of the information transfer process." 9/

The Safety Board agrees with this assessment. Consequently, the Safety Board finds that the FAA's proposal to issue an AC on cockpit noise levels is no longer an acceptable response to Safety Recommendations A-81-75 and -76, although it still believes the issuance of the AC to be an appropriate action. Therefore, the Board has classified Safety Recommendations A-81-75 and -76 as "Closed—Unacceptable Action/Superseded," and it has issued two new recommendations to the FAA based on the maximum cockpit noise level of 78 PSIL recommended in the FAA contract report. The Safety Board believes also that the FAA should not allow flights to be dispatched without a functioning interphone system. Therefore, the Board believes that the interphone system, when installed, should be removed from the Master Minimum Equipment List.

Nighttime Runway Visibility Markers

In the Bar Harbor investigation, the Safety Board noted that there were no lighted visibility markers or lights available as visibility markers in the direction of the approach

6/ For more detailed information, read Aircraft Accident Report—"Cascade Airways, Inc., Beechcraft 99A, N390CA, Spokane, Washington, January 20, 1981" (NTSB-AAR-81-11).

7/ Tobias, J. V., "Cockpit Communication Interference," Industrial Audiology, Norman, Oklahoma, FAA-DTFA01-82-P-81561, July 19, 1982.

8/ PSIL is the mean of the sound pressure levels of three octave bands (500, 1000, and 2000 Hz) and is considered meaningful to speech communication.

9/ Foushee, H. C. and Manos, K. L. "Cockpit Communication Patterns and the Performance of Flight Crews", ISASI Forum, Spring 1981, pp. 19-20.

end of runway 4, the main instrument runway and the one in use at the time of the accident. In addition, one of the certified weather observers working for Bar Harbor Airlines noted that fog was more likely to form off the approach end of runway 4 than in other areas on and around the airport.

Present FAA regulations concerning the minimum weather conditions for the initiation of an instrument approach to an airport rely almost entirely on the observed or measured visibility or runway visual range. This makes the accurate observation of visibility critical in the safety of terminal operations.

It is an accepted fact that surface visibility frequently differs in different directions around an airport. The reasons for these differences include industrial sources of smoke, fog due to bodies of water or variability of terrain height, and areas of blowing dust or snow. Prevailing visibility is defined as the greatest visibility equaled or exceeded throughout at least half the horizon circle. When the visibility is not uniform, sectors of reduced visibility are reported when they are less than 3 miles or operationally significant such as in the direction of a duty runway.

The Safety Board believes that pilots need accurate visibility information. In the case of the Auburn-Lewiston Airport, there were insufficient visibility markers for the observer to adequately determine either the prevailing visibility or, if required, the sector visibility in the direction of the approach end of runway 4. This situation exists at many airports throughout the United States.

The Safety Board previously made recommendations to the FAA concerning the establishment of guidelines in the placement and location of nighttime visibility markers at airports (Safety Recommendations A-80-22 and -23). The FAA's response to both recommendations was that the present methods of determining visibility were adequate considering the problems that would be encountered in installing lighted visibility markers, and that the FAA planned no action on the recommendations. The Safety Board classified both recommendations as "Closed—Unacceptable Action."

Most weather observing instruments are required to be certified for use in making aviation observations and frequently are calibrated to assure that their measurements are accurate. This includes transmissometers where they are used to establish a visibility reference. The Safety Board believes that the measurement of visibility, particularly considering its importance in instrument flight rules (IFR) terminal operations, deserves the same consideration. Therefore, the Safety Board reiterates the intent of Safety Recommendations A-80-22 and -23 and again urges the FAA to establish guidelines for placing nighttime visibility markers at airports.

Air Traffic Control Services and Procedure

In the Bar Harbor accident, Portland Approach Control had IFR jurisdiction of the airspace surrounding the Auburn-Lewiston Airport. The radar controller who handled flight 1808 had cleared the flight for an ILS approach to runway 4 when the airplane was about 12 miles south of the outer marker. About 3 minutes later, the controller, noting that flight 1808 was about a mile to the right of the localizer course, asked if it was receiving the Lewiston localizer. The captain replied, "Not yet, we haven't intercepted." The controller then stated, "Roger, turn left heading three four zero, show you slightly right of it."

The turn to a 340° heading would have placed the airplane on a 60° intercept angle to the final approach course when it was only 1 mile from the outer marker. The controller testified that, ". . . this was just a turn, a correction to assist the pilot to intercept Lewie." Although flight 1808 only turned left to a heading of about 355° in response to the controller's directions, it overshot the final approach course inside the outer marker and never intercepted the localizer until shortly before it crashed.

The Safety Board notes that, although the flight was in radar contact with Portland Approach, it had not been given radar vectors to the final approach course nor were they required. Instead, based on their previous clearance, the flightcrew was navigating to the final approach course by way of the transition depicted on the instrument approach chart. The controller's supervisor testified that the radar arrival section of the Air Traffic Control (ATC) Handbook (7110.65D) did not apply to flight 1808 because the flight was a nonradar arrival, and that he believed that the intercept angle limits specified in the radar arrival section did not apply in this instance. The nonradar chapter of the handbook does not contain any criteria for handling an aircraft in radar contact; however, the

Safety Board believes that an aircraft in radar contact should not be handled under a chapter of the handbook that was designed and intended for nonradar operations.

Paragraph 5-121, "Final Approach Course Interception," Section 9, Radar Arrivals, in Chapter 5 of the ATC Handbook instructs the controller to "assign headings that will permit final approach course interception on a track that does not exceed the interception angles specified in the Table." The Table states that if the distance from interception point to the approach gate 10/ is less than 2 miles, the maximum intercept angle is 20°; if the distance from interception point to the approach gate is 2 miles or more, the maximum interception angle is 30°.

The Safety Board recognizes that the intent of paragraph 5-121 is to provide the pilot with an opportunity to make a smooth transition from a radar vector to a final approach course. However, the Board notes that this paragraph could provide guidance to a controller in assisting a flight when it deviates from a final approach course, as was the case in this accident. The key distinction between a radar arrival and a nonradar arrival at the present time is whether or not an aircraft is given radar vectors. The definition of a nonradar arrival is confusing because an aircraft would never be given radar vectors in a nonradar environment.

In an accident involving Trans World Airlines at Berryville, Virginia on December 1, 1974, 11/ the controller issued an approach clearance without an altitude restriction and the airplane struck a hill during its descent while the flightcrew was navigating to the final approach course. The FAA maintained that a pilot on final approach or transition to final approach, providing his own navigation while in radar contact, but not given radar vectors, was a nonradar arrival. At that time, the radar arrival section in the ATC Handbook dealt with the procedures of radar control for arriving aircraft, but the handbook did not define the term "radar arrival." The term, "nonradar arrival," did not exist in the manual at that time.

In its report, the Board stated that the flight should have been classified and handled as a radar arrival. ATC had radar contact with the flight, and there were no procedures in the manual on how to handle the flight using nonradar procedures when, in fact, the airplane was in radar contact. The Board recommended on July 24, 1975, that the FAA:

A-75-58

> Define the term "radar arrival" and assign an equal weight of controller responsibility to all arrivals receiving radar service, regardless of the kind of radar service.

The FAA responded on August 18, 1975, that it concurred with the recommendation and that it was part of a study to review terms and phrases used in the ATC system for the purpose of determining whether they needed to be defined and would take whatever corrective action would be needed. As a result, the FAA included the pilot/controller glossary of ATC terms in both the ATC handbook and in the Airman's Information Manual. The Safety Board classified Safety Recommendation A-75-58 "Closed--Acceptable Action."

Appendix A, Pilot/Controller Glossary, of the handbook now states the following:

> Radar Arrival - An arriving aircraft which is being vectored to the final approach course for an instrument approach or toward the airport for a visual approach.
>
> Non-Radar Arrival - An arriving aircraft that is not being vectored to the final approach course for an instrument approach or towards the airport for a visual approach. The aircraft may or may not be in a radar

10/ The approach gate is the point on the final approach course which is 1 mile from the final approach fix on the side away from the airport or 5 miles from landing threshold, whichever is farther from the landing threshold. This is an imaginary point used within ATC as a basis for final approach course interception for aircraft being vectored to the final approach course.

11/ For more detailed information, read Aircraft Accident Report—"Trans World Airlines, Inc., Boeing 727-231, N54328, Berryville, Virginia, December 1, 1984" (NTSB-AAR-75-16).

environment and may or may not be receiving radar separation, radar monitoring or other services provided by ATC.

The Safety Board believes that the definitions are confusing and somewhat inconsistent considering the environment under which an aircraft may be operating. Also, a standard for guidance should exist regardless of whether or not a pilot is receiving radar vectors. Appropriate material should be in the ATC handbook that addresses the situation when a pilot deviates from course in a radar environment. If the pilot cannot return to course using the standard criteria for an intercept then the pilot should be informed that he appears to be too far right or left of course for a safe approach, and he should be asked his intentions. An aircraft in radar contact should not be handled under a chapter of the handbook that was designed and intended for nonradar operations.

In the case involving Bar Harbor flight 1808, the off-course flightpath was identified by radar, the correction issued to the pilot was based on radar information, and the position report given to the flightcrew with respect to the outer marker (Lewie) was accomplished using radar. Therefore, the Safety Board believes that the flight should have been treated as a radar arrival and the controller should not have provided the large heading change when he attempted to assist the flight. He should have asked the pilot his intentions after providing the position report and should have offered to provide radar vectors. The procedures for handling the flight should have been those governing radar operations and not those governing nonradar operations. Therefore, the Safety Board believes that the definition for radar arrivals should be amended to include all IFR arrivals under radar contact, and the definition of nonradar arrivals should be amended to include only arrival aircraft not in radar contact. The procedures for assisting a flight to return to course using radar should be added to the radar arrival section of the ATC Handbook.

Therefore, the National Transportation Safety Board recommends that the Federal Aviation Administration:

Amend 14 CFR 135 to require periodic instrument proficiency checks for all Second in Command pilots required in commuter air carrier operations. (Class II, Priority Action) (A-86-98)

Issue an Air Carrier Operations Bulletin-Part 135 directing all Principal Operations Inspectors to require that Pilots in Command, as well as Second in Command pilots, be tested and be required to demonstrate proficiency in flying instrument approach procedures to the standards that are commensurate with the pilot certificate required for their respective pilot positions. (Class II, Priority Action) (A-86-99)

Issue an Air Carrier Operations Bulletin-Part 135 directing all Principal Operations Inspectors to require commuter air carrier operators to delineate in their Operations and Training Manuals missed approach procedures commensurate with Pilot in Command standards. (Class II, Priority Action) (A-86-100)

Revise Paragraph 72 of the Air Carrier Operations Inspector's Handbook Part 135 (8430.1D) to include guidance to Principal Operations Inspectors regarding the standards and level of precision to which Pilots in Command and Second in Command pilots should be tested during instrument proficiency checks. (Class II, Priority Action) (A-86-101)

Issue an Air Carrier Operations Bulletin-Part 135, to verify that commuter air carrier operators use appropriate vision-restricting devices for their pilots during initial and recurrent flight instrument training. (Class II, Priority Action) (A-86-102)

Expedite the program which proposes standards for the use and evaluation of aircraft flight simulator devices to be used in training programs of 14 CFR 135 operators and in cooperation with the Regional Airline Association, encourage and assist operators to acquire flight simulator devices. (Class II, Priority Action) (A-86-103)

Issue an Air Carrier Maintenance Bulletin-Part 135, directing all Principal Maintenance Inspectors (PMI) to be alert to significant deviations in cockpit instrumentation and equipment installations of commuter air carriers. The maintenance bulletin should provide

guidance with respect to the human engineering principles which are desirable in achieving cockpit standardization and which would tend to eliminate pilot errors in the interpretation of cockpit instruments and the operation of equipment. The bulletin should direct PMIs to encourage commuter operators to provide standardization of cockpit instrumentation and equipment in their airplane fleet to the greatest extent possible. (Class II, Priority Action) (A-86-104)

Issue an Air Carrier Operations Bulletin-Part 135, directing Principal Operations Inspectors to ensure that commuter air carrier training programs specifically emphasize the differences existing in cockpit instrumentation and equipment in the fleet of their commuter operators and that these training programs cover the human engineering aspects of these differences and the human performance problems associated with these differences. (Class II, Priority Action) (A-86-105)

Amend 14 CFR 135.83 to require that all required crewmembers have access to and use their own set of pertinent instrument approach charts. (Class II, Priority Action) (A-86-106)

Issue an Air Carrier Operations Bulletin-Part 135, directing all Principal Operations Inspectors to caution commuter air carrier operators that have instrument flight rules authorization not to schedule on the same flight crewmembers with limited experience in their respective positions. (Class II, Priority Action) (A-86-107)

Issue an Air Carrier Operations Bulletin-Part 135, requesting Principal Operations Inspectors to put special emphasis on their check airmen program to assure that company pilots are evaluated properly and that check airmen apply the training and check ride standards in a strict and standardized manner. (Class II, Priority Action) (A-86-108)

Amend 14 CFR 135.153 to require after a specified date the installation and use of ground proximity warning devices in all multiengine, turbine-powered fixed wing airplanes, certificated to carry 10 or more passengers. (Class II, Priority Action) (A-86-109)

Until the objectives and goals of the Safety Activity Functional Evaluation program are fully realized, establish and require, as an interim measure, a minimum level of direct surveillance, in terms of required tasks as well as personnel levels, to adequately oversee commuter air carrier operations. (Class II, Priority Action) (A-86-110)

Develop and issue guidelines to Air Carrier District Offices to provide for a minimum level of continued direct surveillance of commuter air carrier operators when the Principal Operations Inspector is occupied with other duties for extended periods of time. (Class II, Priority Action) (A-86-111)

Conduct noise measurement surveys of all makes and models of aircraft used in 14 CFR 135 passenger-carrying operations which are now not equipped with functioning crew interphone systems. (Class II, Priority Action) (A-86-112)

Require the installation and use of crew interphone systems in the cockpits of those aircraft which are used in 14 CFR 135 passenger-carrying operations and in which the noise levels exceed a preferred frequency speech interference level of 78 at any power setting and flight condition, and remove the crew interphone system as an item on the Master Minimum Equipment List. (Class II, Priority Action) (A-86-113)

Establish specific requirements for the placement of nighttime visibility markers at airports where preexisting markers are not available and transmissometers are not utilized with special consideration for accurately measuring the surface visibility in the vicinity of the approach end of instrument runways to assure that the published visibility minimums for an airport are met. (Class II, Priority Action) (A-86-114)

Amend the definition of radar arrival in Air Traffic Control Handbook 7110.65D to include all instrument flight rules arrivals under radar contract. (Class II, Priority Action) (A-86-115)

Amend the definition of nonradar arrival in Air Traffic Control Handbook 7110.65D to include only arrival aircraft that are not in radar contact. (Class II, Priority Action) (A-86-116)

Amend Section 9, Radar Arrivals, of Air Traffic Control Handbook 7110.65D to require that, when deviations from the localizer course by instrument flight rules arrivals are noted and the controller elects to vector the aircraft back to the localizer course, the intercept criteria of paragraph 5-121 be applied. (Class II, Priority Action) (A-86-117)

Amend Section 9, Radar Arrivals, of Air Traffic Control Handbook 7110.65D, to require that when a deviation occurs from the localizer course by an instrument flight rules arrivals and the aircraft cannot be vectored back on course within the parameters of paragraph 5-121, the pilot be informed that he appears to be too far off course for a safe approach and be asked his intentions. (Class II, Priority Action) (A-86-118)

Also, the Safety Board issued Safety Recommendations A-86-119 through -122 to the Regional Airline Association.

BURNETT, Chairman, GOLDMAN, Vice Chairman, and LAUBER and NALL, Members, concurred in these recommendations.

By: Jim Burnett
Chairman

TANK CAR SAFETY

Senator Lautenberg. Your justification indicates that one of your selected emphasis areas in rail safety is the crashworthiness of tank cars, especially those carrying hazardous cargo.

What recommendations have you made in this area to date?

Answer. The Safety Board has issued 88 recommendations for minimizing releases and the effects of releases of hazardous materials from tank cars and for minimizing the potential of tank cars becoming involved in incidents which may result in the release of hazardous materials. Through these recommendations, the Safety Board has fostered many safety improvements such as thermal insulation, puncture protection for tank heads, improved shelf couplers to prevent tank car disengagements during derailments, protection of top and bottom outlets to prevent damage during derailments, and improved designs for attachments to tanks to minimize damages during normal operations or during derailments. These safety improvements, many of which were applied retroactively to existing tank cars, account for today's improved safety record for transporting hazardous materials in rail tank cars.

Senator Lautenberg. Have they all been implemented? Which ones remain outstanding? Why?

Answer. Twenty-three of the 88 safety recommendations remain open. Two of the open recommendations are classified as unacceptable action (R-85-060 to the Federal Railroad Administration [FRA] and R-85-105 to the Research and Special Programs Administration [RSPA]). A printout of all open recommendations and their response is enclosed.

All Open Safety Recommendations on Tank Cars

REPORT DATE: 3/31/87

REPORT NO.: RAR-72-06
ACCIDENT DATE: Oct-19-1971
ACCIDENT CITY: HOUSTON
ACCIDENT STATE: TX

RECNO ABSTRACT

R-72-044 THE MISSOURI PACIFIC RAILROAD'S FREIGHT TRAIN 94 WAS TRAVELING NORTH ON TRACK WHICH BELONGS TO THE ATCHISON, TOPEKA AND SANTA FE RAILWAY WHEN 20 OF ITS CARS DERAILED IN HOUSTON, TEXAS, ON OCTOBER 19, 1971, AT 1:44 P.M. THERE WERE FOUR DIESEL-ELECTRIC LOCOMOTIVE UNITS AND 82 CARS IN THE TRAIN. DERAILED CARS INCLUDED SIX TANK CARS CONTAINING VINYL CHLORIDE MONOMER AND TWO CARS CONTAINING OTHER HAZARDOUS MATERIALS. TWO TANK CARS WERE PUNCTURED IN THE DERAILMENT. THE VINYL CHLORIDE MONOMER ESCAPED AND IGNITED. THE HOUSTON FIRE DEPARTMENT ATTEMPTED TO CONTROL THE FIRE. APPROXIMATELY 45 MINUTES AFTER THE INITIAL DERAILMENT, ONE TANK CAR RUPTURED VIOLENTLY AND ANOTHER TANK CAR "ROCKETED" APPROXIMATELY 300 FEET FROM ITS INITIAL RESTING PLACE. THIS SEQUENCE OF EVENTS CAUSED THE DEATH OF A FIREMAN. FIFTY PEOPLE WERE INJURED AND THERE WAS CONSIDERABLE PROPERTY DAMAGE. MOST OF THE INJURED WERE FIREMEN. THE SAFETY BOARD DETERMINES THAT THE PROBABLE CAUSE OF THIS ACCIDENT WAS AN UNEXPLAINED EMERGENCY BRAKE APPLICATION WHICH INDUCED LATERAL FORCES EXCEEDING THE HOLDING CAPACITY OF THE TRACK FASTENERS. THE SEVERITY OF THE ACCIDENT WAS INCREASED BY THE ABRUPT RUPTURE OF THE TANK CAR AND THE LACK OF ADEQUATE TRAINING, INFORMATION, AND DOCUMENTED PROCEDURES FOR IDENTIFYING AND ASSESSING THE THREATS TO PUBLIC SAFETY.

LOG NUMBER: R-0036
RECOMMENDATION NUMBER: R-72-044
DATE OF ISSUE: Dec-13-1972
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: DOT
DATE OF RESPONSE: 6/16/73

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SECRETARY OF TRANSPORTATION: INITIATE THE DEVELOPMENT OF A LOGICAL HAZARDOUS MATERIALS CLASSIFICATION THEORY WHICH WILL ESTABLISH A RATIONAL BASIS FOR CLASSIFYING HAZARDOUS MATERIALS, HANDLED UNDER NORMAL TRANSPORTATION CONDITIONS AND IN TRANSPORTATION EMERGENCIES AS WELL.

RESPONSE:

HAZARDOUS MATERIALS REGULATIONS BOARD LETTER: A CAREFUL STUDY OF HM-103 CLEARLY INDICATES THAT ALL IMPORTANT SAFETY CRITERIA THAT MAY PRESENT A POTENTIAL THREAT TO THE PUBLIC HAVE BEEN CONSIDERED. THEY ARE IMPLEMENTED BY USE OF THE EXISTING HAZARD CLASSIFICATIONS, WHICH ARE PRESENTLY UNDERGOING MODIFICATION, AND THE ADDITION OF OTHER THREATS NOT COVERED BY THE PRESENT CLASSIFICATION SCHEME. THEY ARE FURTHER AUGMENTED BY THE ASSIGNMENT OF HI NUMBERS TO LABELS AND PLACARDS AND THE CONTENT OF THE HI CARDS. WE ARE DEVELOPING DATA ON DISPERSION RATES TO PROVIDE MORE COMPLETE INFORMATION RELATIVE TO THE SIZES OF AREAS WHICH SHOULD BE EVACUATED WHEN ACCIDENTS OCCUR. IN CONCLUSION WE KNOW OF NO SYSTEM, EITHER PROPOSED OR SUGGESTED, THAT WILL BE 100 PERCENT EFFECTIVE IN ALL CASES. IN A FIELD AS COMPLEX AND VARIED AS HAZARDOUS MATERIALS TRANSPORTATION, THEIR MAY BE CASES WHERE OUR PROPOSED SYSTEM, AND FOR THAT MATTER ANY OTHER SYSTEM, WILL NOT FULFILL ITS DESIRED PURPOSE. BUT WE ARE CONFIDENT THAT OUR PROPOSED SYSTEM COULD AND WILL BE OF CONSIDERABLE BENEFIT IN THE MAJORITY OF TRANSPORTATION ACCIDENTS IF THE INFORMATION AND RECOMMENDATIONS IT CONTAINS ARE FOLLOWED.
NOTE: THE DEPARTMENT OF TRANSPORTATION ISSUED IN FEDERAL REGISTER VOL. 46, NO. 88, THURSDAY, MAY 7, 1981, 49 CFR PART 173 DOCKET HM-178, ADVANCE NOTICE, CONCERNING "DEFINITION OF FLAMMABLE SOLID" OF THE ADVANCE NOTICE OF PROPOSED RULEMAKING.

REPORT NO.: RAR-79-01
ACCIDENT DATE: Feb-22-1978
ACCIDENT CITY: WAVERLY
ACCIDENT STATE: TN

RECNO ABSTRACT

R-79-005 ON FEBRUARY 22, 1978, 23 CARS OF A LOUISVILLE AND NASHVILLE RAILROAD COMPANY FREIGHT TRAIN DERAILED IN WAVERLY, TENNESSEE. ON FEBRUARY 24, 1978, A DERAILED TANK CAR CONTAINING LIQUEFIED PETROLEUM GAS RUPTURED. ESCAPING GAS IGNITED WITH AN EXPLOSIVE FORCE, AND THE ENSUING FIRE RESULTED IN DEATHS OF 16 PERSONS AND INJURY TO 43 OTHERS. PROPERTY DAMAGE WAS ESTIMATED AT $1,800,000.

LOG NUMBER: R-0165B
RECOMMENDATION NUMBER: R-79-005
DATE OF ISSUE: Mar-01-1979
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: ASSOCIATION OF AMERICAN RAILROADS
DATE OF RESPONSE: 4/28/81

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE ASSOCIATION OF AMERICAN RAILROADS: PROVIDE GUIDELINES TO RAILROAD EMPLOYEES TO AID THEM IN AN ASSESSMENT OF TANK CAR DAMAGE AND PROCEDURES FOR THE PROPER HANDLING OF TANK CARS.

RESPONSE:

ASSOCIATION OF AMERICAN RAILROADS LTR: WE BELIEVE THAT RECOMMENDATION R-79-5 IS INEXTRICABLY ENGAGED WITH RECOMMENDATIONS I-78-14, 15, AND 16, CONCERNING WHICH WE HAVE HAD ADDITIONAL CORRESPONDENCE. MR. A. W. JOHNSTON, VICE PRESIDENT-O&M DEPARTMENT, AAR, WROTE TO YOU ON FEBRUARY 22, 1980, AT WHICH TIME HE INDICATED THAT WE WERE ON THE THRESHOLD OF ENTERING INTO A CONTRACT WITH FRA FOR A COOPERATIVE PROGRAM WHICH WOULD DEVELOP AND DOCUMENT SAFETY PROCEDURES FOR IDENTIFYING DANGERS AND COORDINATING WRECKAGE-CLEARING OPERATIONS. UNFORTUNATELY, THE AGREEMENT COULD NOT BE FINALIZED AT THAT TIME. BUT NEGOTIATIONS HAVE BEEN REOPENED AND WE EXPECT TO EXECUTE A CONTRACT SHORTLY. ON APRIL 23, 1981, REGARDING I-78-14 TO 16, I REPLIED TO YOUR INQUIRY CONCERNING THE ACCOMPLISHMENTS OF THE INTER-INDUSTRY TASK FORCE ON RAIL TRANSPORTATION OF HAZARDOUS MATERIALS. WE CERTAINLY AGREE WITH YOUR DESIRE THAT ANSWERS TO THESE PROBLEMS INVOLVING HAZARDOUS MATERIALS ACCIDENTS SHOULD BE DEVELOPED AS QUICKLY AS POSSIBLE. YOU WILL BE INFORMED OF OUR EFFORTS IN THIS REGARD.

SPECIAL STUDY NUMBER: HZM-80-01
DATE OF STUDY/ACCIDENT: Sep-08-1979
ACCIDENT CITY: PAXTON
ACCIDENT STATE: TX

RECNO ABSTRACT

R-80-011
R-80-016 IN ITS CONTINUING EFFORT TO ENSURE THE SAFE TRANSPORTATION OF HAZARDOUS MATERIALS, THE NTSB HAS CONDUCTED A SPECIAL INVESTIGATION OF A TRAIN ACCIDENT TO DETERMINE IF THE SHELF COUPLERS, HEAD SHIELDS, AND THERMAL PROTECTION REQUIRED BY 49 CFR 179.105 TO BE ON CERTAIN TANK CARS DO, IN FACT, PROVIDE THE ADDED PROTECTION THEY WERE INTENDED TO PROVIDE. THE DERAILMENT OF SOUTHERN PACIFIC TRANSPORTATION COMPANY FREIGHT TRAIN (CHEMICAL) EXTRA 1291 EAST 'SRASK' NEAR PAXTON, TEXAS, ON SEP. 8, 1979, PROVIDED THE OPPORTUNITY TO OBSERVE THE BEHAVIOR OF TANK CARS THAT WERE EQUIPPED WITH SHELF COUPLERS DESIGNED TO RESIST VERTICAL SEPARATION, WITH HEAD SHIELDS DESIGNED TO PREVENT THE LIKELIHOOD OF AN END PUNCTURE, AND WITH THERMAL PROTECTION INTENDED TO REDUCE THE POTENTIAL FOR VIOLENT TANK RUPTURE IN A FIRE. THE TRAIN ALSO INCLUDED CARS WITHOUT SUCH PROTECTION AND, THEREFORE, THE SAFETY BOARD HAD THE OPPORTUNITY TO COMPARE EQUIPPED AND NONEQUIPPED CARS.

LOG NUMBER: R-0279
RECOMMENDATION NUMBER: R-80-011
DATE OF ISSUE: Mar-12-1980
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: DOT
DATE OF RESPONSE: 8/08/80 DATE OF NTSB FOLLOWUP LTR: 8/03/81

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE DEPARTMENT OF TRANSPORTATION: EXTEND THE REQUIREMENTS OF 49 CFR 179.105, INCLUDING THOSE FOR HEAD SHEILDS AND THERMAL PROTECTION, TO INCLUDE NEW AND REBUILT SPECIFICATION 105 TANK CARS.

RESPONSE:

FEDERAL RAILROAD ADMINISTRATION LTR: THE FEDERAL RAILROAD ADMINISTRATION (FRA) AND THE MATERIALS TRANSPORTATION BUREAU (MTB) AGREE WITH THE RECOMMENDATION. A NOTICE OF PROPOSED RULE MAKING (NPRM) HAS BEEN PUBLISHED IN THE FEDERAL REGISTER ON JULY 21, 1980 (45 FR 48671). BASED UPON THE RESULTS OF THIS PROCESS, FRA WILL TAKE STEPS TO ALLEVIATE THE PROBLEMS.

DATE OF RESPONSE: 7/14/82 DATE OF NTSB FOLLOWUP LTR: 10/01/82

DOT LTR: RECOMMENDATION R-80-11 IS ALSO ADDRESSED IN THE FINAL RULE UNDER DOCKET HM-174. THE RULE EXTENDS THE REQUIREMENTS OF 49 CFR 179.105TO NEW DOT SPECIFICATIONS 105 TANK CARS. REQUIREMENTS FOR REBUILT DOT SPECIFICATION 105 TANK CARS ARE BEING CONSIDERED IN DOCKET HM-175.

DATE OF RESPONSE: 4/30/84 DATE OF NTSB FOLLOWUP LTR: 3/29/85

DOT LETTER: NEW DOT SPECIFICATION 105 TANK CARS WERE REQUIRED TO HAVE HEAD AND THERMAL PROTECTION UNDER HM-174. ON APRIL 14, 1983, THE DEPARTMENT ISSUED A NOTICE OF PROPOSED RULEMAKING WHICH REQUIRES THE RETROFIT OF ALL 105 TANK CARS USED TO CARRY SPECIFIC COMMODITIES BY DECEMBER 31, 1986. THE FINAL RULE, WHICH CONTAINS THESE PROVISIONS, WAS PUBLISHED IN THE FEDERAL REGISTER ON JANUARY 27, 1984. SINCE FRA HAS IMPLEMENTED THIS RECOMMENDATION WE REQUEST THAT SAFETY RECOMMENDATION R-80-011 BE CLOSED.

LOG NUMBER: R-0279
RECOMMENDATION NUMBER: R-80-016
DATE OF ISSUE: Mar-12-1980
NTSB STATUS: OPEN - ACCEPTABLE ALTERNATE ACTION
CLOSEOUT DATE:

ADDRESSEE: DOT
DATE OF RESPONSE: 8/08/80 DATE OF NTSB FOLLOWUP LTR: 8/03/81

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE DEPARTMENT OF TRANSPORTATION: REQUIRE CRASHWORTHINESS TESTING OF NEW HAZARDOUS MATERIALS TANK CAR DESIGNS TO RESIST BREACHING IN THE DERAILMENT ENVIRONMENT.

RESPONSE:

FEDERAL RAILROAD ADMINISTRATION LTR: THIS RECOMMENDATION IS SIMILAR TO R-80-14. THE FRA IS CURRENTLY WORKING WITH THE U.S. ARMY BALLISTICS RESEARCH LABORATORY, ABERDEEN, MARYLAND, TO STUDY MECHANISMS INVOLVED IN THE BREACHING OF TANK CARS. A FACILITY HAS BEEN CONSTRUCTED AT SOCORRO, NEW MEXICO, FOR TESTING CONCEPTS TO RESIST BREACHING. THE TESTING WILL BE INITIATED IN THE LAST QUARTER OF 1980 AND IS EXPECTED TO BE COMPLETED IN THE LAST QUARTER OF 1981. THE FRA IS ALSO WORKING WITH THE NATIONAL BUREAU OF STANDARDS (NBS) IN THE STUDY OF STEELS FOR NEW TANK CAR CONSTRUCTION. THIS RESEARCH IS SCHEDULED TO BE COMPLETED BY DECEMBER 1980.

DATE OF RESPONSE: 7/14/82 DATE OF NTSB FOLLOWUP LTR: 10/01/82

DOT LTR: THE RESEARCH AND TESTING ON TANK CAR STEELS, BREACH MECHANISMS, AND CONCEPTS TO RESIST BREACHING IS RESPONSIVE TO RECOMMENDATION R-80-16. WE BELIEVE THAT IMPLEMENTING THE FINDINGS OF THESE RESEARCH PROJECTS WILL ELIMINATE THE NEED FOR THE EXPENSIVE TESTING OF NEW TANK CAR DESIGNS TO VALIDATE THEIR CRASHWORTHINESS. AS EACH TEST IS COMPLETED, THE PROJECTS RESULTS WILL BE FORWARDED TO YOU.

DATE OF RESPONSE: 2/06/85 DATE OF NTSB FOLLOWUP LTR: 6/10/85

DOT LTR: THE FRA CONDUCTED A PROGRAM WITH THE U.S. ARMY BALLISTICS RESEARCH LABORATORY, ABERDEEN, MARYLAND, TO STUDY

MECHANISMS INVOLVED IN THE BREACHING OF TANK CARS. A FACILITY WAS CONSTRUCTED AT SOCORRO, NEW MEXICO, FOR TESTING CONCEPTS TO RESIST BREACHING. THE TESTS CONSISTED OF CREATING CONTROLLED DAMA. TO FLAT STEEL PLATES WHICH HAVE PROPERTIES EXCEEDING THE MINIMUM AMERICAN SOCIETY OF TECHNICAL MATERIALS (ASTM) STANDARDS REQUIRED FOR STEEL USED IN THE CONSTRUCTION OF TANK CARS. THE RESULTANT DENTS AND THEIR DEPTHS WERE SIMILAR TO SHAPES WHICH MIGHT OCCUR IN TANK CARS INVOLVED IN AN ACCIDENT. THE OBJECTIVES OF THE EXPERIMENTS WERE: (1) TO CREATE DAMAGE FLAWS TO ENABLE RECOMMENDATION OF TECHNIQUES WHICH CAN BE USED TO ASSESS THE SAFETY ASPECTS OF A DERAILED TANK CAR LOADED WITH HAZARDOUS MATERIALS; (2) TO INITIATE DEVELOPMENT OF A DATA BASE FOR DIRECTLY EVALUATING A NEW OR DAMAGED TANK CAR; AND (3) TO DETERMINE IF THIS TYPE OF TEST DATA COULD BE SCALED TO THE ACTUAL CONDITIONS OF A FULL SIZE TANK CAR. THE PROJECT WAS A SUCCESS AND ALL OBJECTIVES WERE MET. THE RESULTS WERE PUBLISHED IN REPORT NO. BRL-IMR-784, "PHYSICAL RESPONSE OF FLAT STEEL PLATES TO DROP HAMMER IMPACTS," AUGUST 1983. THE REPORT HAS BEEN WIDELY DISTRIBUTED THROUGHOUT THE RAILROAD INDUSTRY. IT CONTAINS NUMEROUS CHARTS, GRAPHS, DATA, AND PHOTOGRAPHS OF STEEL PLATE RESPONSE TO IMPACT TESTS WHICH CAN BE USED IN SELECTION OF MATERIALS FOR THE CONSTRUCTION OF TANK CARS. A COPY OF THE REPORT HAS BEEN MADE AVAILABLE TO YOUR STAFF.

SPECIAL STUDY NUMBER: HZM-85-03
DATE OF STUDY/ACCIDENT: Feb-04-1985
ACCIDENT CITY: ELKHART
ACCIDENT STATE: IN

RECNO ABSTRACT

R-85-012 AT 6:30 A.M., C.S.T., ON FEBRUARY 4, 1985, ANHYDROUS
R-85-117 HYDROGEN FLOURIDE UNDER PRESSURE ESCAPED THROUGH A FRACTURE
R-85-118 IN THE HEAD OF A PARTLY LOADED TANK CAR (NATX 9408) LOCATED
R-85-120 IN CONRAIL'S RECEIVING YARD AT ELKHART, INDIANA. DURING THE
R-85-122 NEXT 4 HOURS, THE ANHYDROUS HYDROGEN FLORIDE FORMED A VAPOR
R-85-124 CLOUD AND DRIFTED ABOUT 500 YARDS NORTH AND NORTHWESTERLY, PROMPTING LOCAL EMERGENCY RESPONSE OFFICIALS TO EVACUATE 1,500 PERSONS FROM A 1.1-MILE-SQUARE AREA. RESIDENTS WERE KEPT FROM THEIR HOMES FOR 9 HOURS, AND 56 PERSONS WERE TREATED AT AREA HOSPITALS FOR EYE AND SKIN IRRITATIONS.

LOG NUMBER: R-0494
RECOMMENDATION NUMBER: R-85-012
DATE OF ISSUE: Mar-06-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 6/03/85 DATE OF NTSB FOLLOWUP LTR: 8/19/85

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION, IN CONJUNCTION WITH THE ASSOCIATION OF AMERICAN RAILROADS: REQUIRE THAT ALL DOT SPECIFICATION 112 TANK CARS BUILT TO THE SAME DRAWING SPECIFICATIONS AS NATX 9408, BE REMOVED FROM SERVICE PROMPTLY FOR INSPECTION USING APPROPRIATE NONDESTRUCTIVE INSPECTION TECHNIQUES, AND THAT ANY CAR FOUND DEFECTIVE NOT BE RETURNED TO SERVICE UNTIL THE DEFECT IS CORRECTED.

RESPONSE:

FRA LETTER: THERE WERE 78 OTHER TANK CARS THAT WERE BUILT TO THE SAME DRAWING SPECIFICATIONS AS TANK CAR NATZ 9408. ONE CAR HAS BEEN DESTROYED, 5 ARE IN INACTIVE STORAGE, 17 ARE OWNED AND USED BY UNION CARBIDE, 13 ARE OWNED BY GENERAL ELECTRIC RAILCAR SERVICES CORPORATION AND LEASED TO ALLIED CHEMICAL, 5 ARE OWNED BY GENERAL ELECTRIC RAILCAR SERVICES CORPORATION AND LEASED TO E. I. DU PONT DE NEMOURS, AND 37 ARE OWNED BY ENDASSA, S.A. DE C.V. AND LEASED TO A MEXICAN SUBSIDIARY OF E. I. DU PONT DE NEMOURS. SHORTLY AFTER THE ELKHART ACCIDENT, ALLIED CHEMICAL AND UNION CARBIDE REMOVED THE AFFECTED CARS OWNED OR LEASED BY THEM TO HAVE THEM INSPECTED. DU PONT WAS CONTACTED BY MY STAFF AND AGREED TO THE FOLLOWING ACTIONS FOR THE 37 CARS LEASED BY ITS MEXICAN SUBSIDIARY AND FOR THE 5 CARS USED IN U. S. OPERATIONS:
1. ALL AFFECTED CARS THAT WERE LOADED WITH HAZARDOUS MATERIALS WOULD BE EXPEDITIOUSLY SENT TO THEIR DESTINATIONS

AND UNLOADED; 2. NONE OF THE AFFECTED CARS WOULD BE RELOADED WITH HAZARDOUS MATERIALS UNTIL THEY WERE THOROUGHLY INSPECTED; AND 3. THOSE TANK CARS WITH DEFECTS WOULD BE REPAIRED BEFORE BEING RETURNED TO SERVICE. TANK CARS WITHOUT DEFECTS WOULD BE RETURNED TO SERVICE.
THE INSPECTIONS PERFORMED BY THE INVOLVED COMPANIES FUND CRACKING OR EARLY WARNINGS OF POSSIBLE CRACKS ON SEVERAL OTHER CARS. AS A RESULT OF THESE FINDINGS, THE COMPANIES HAVE DECIDED TO DISCONTINUE THE USE OF THIS ENTIRE SERIES OF CARS, REGARDLESS OF THE INSPECTION FINDINGS. THE FRA AND THE INDUSTRY HAVE FULFILLED THE INTENT OF RECOMMENDATION R-85-12 BY HAVING THE CARS INSPECTED AND TAKING CORRECTIVE ACTION. THE FRA IN REVIEWING OTHER SERIES OF TANK CARS WITH SIMILAR DESIGN CHARACTERISTICS TO DETERMINE IF ANY OTHER CARS ARE PRONE TO DEVELOP SIMILAR PROBLEMS. SINCE FRA HAS TAKEN THE ACTION RECOMMENDED BY NTSB, RECOMMENDATION R-85-12 SHOULD BE CLOSED.

LOG NUMBER: R-0539
RECOMMENDATION NUMBER: R-85-117
DATE OF ISSUE: Jan-15-1986
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: NORTH AMERICAN CAR CORPORATION
DATE OF RESPONSE: 3/31/86 DATE OF NTSB FOLLOWUP LTR: 5/24/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE NORTH AMERICAN CAR COMPANY: INSPECT ALL STUB-SILL TANKCARS FABRICATED PRIOR TO 1967 TO IDENTIFY AND CORRECT WELD UNDERCUTS IN TANKHEADS.

RESPONSE:

NORTH AMERICAN CAR'S DEDICATION TO SAFE TRANSPORTATION OF HAZARDOUS MATERIAL IS WELL KNOWN. THEIR PARTICIPATION IN THE JOINT RPI-AAR-FRA RESEARCH PROJECT WHICH LED TO SUCH SIGNIFICANT IMPROVEMENTS AS SHELF COUPLERS, HEAD SHIELDS AND THERMAL PROTECTION AND THEIR ACTIVE PROGRAMS TO INSTALL SUCH IMPROVEMENTS ON THEIR OWN FLEET AND TO FLEETS OWNED BY SHIPPERS IS A MATTER OF RECORD. THE ENTIRE NORTH AMERICAN CAR CORPORATION RAILCAR FLEET, INCLUDING THE SPECIFIC CARS WHICH ARE THE SUBJECT OF YOUR INVESTIGATION AND SAFETY RECOMMENDATION, IS NOW UNDER THE MANAGEMENT OF GENERAL ELECTRIC RAILCAR SERVICES CORPORATION ("GE RAIL"). REST ASSURED THAT THE ENTRY OF GE RAIL INTO THIS AREA OF THE INDUSTRY WILL BRING WITH IT AN EVEN MORE DEDICATED EFFORT TO MAXIMIZE SAFETY IN RAIL TRANSPORTATION. ON PAGE 2 OF YOUR REPORT YOU EXPRESSED CONCERN THAT THE CARS IN QUESTION COULD BE RETURNED TO SERVICE AT SOME TIME IN THE FUTURE AND THAT THE FRA SHOULD TAKE SOME ACTION TO PROHIBIT SUCH AN OCCURRENCE. NO SUCH FURTHER ACTION WILL BE NECESSARY WITH RESPECT TO NACC'S CARS MANAGED BY GE RAIL. AT NACC'S DIRECTION, GE RAIL HAS REMOVED THEM FROM SERVICE PERMANENTLY. WITH THE EXCEPTION OF SEVEN CARS THAT ARE DUE INTO OUR SHOPS SHORTLY, THE RAILCARS HAVE BEEN SCRAPPED. THE SPECIFIC RECOMMENDATION TO NACC WAS THAT ALL STUB SILL TANK CARS FABRICATED PRIOR TO 1967 BE INSPECTED TO IDENTIFY WELD UNDERCUTS IN TANK HEADS. WE DO NOT AGREE THAT THE 1967 DATE REFERRED TO IN YOUR RECOMMENDATIONS IS OF SIGNIFICANCE. IN MAY, 1984, GE RAIL INSTITUTED AN INSPECTION PROGRAM INVOLVING ALL NORTH AMERICAN STUB SILL DESIGN TANK CARS. THIS PROGRAM IS DIRECTED AT THE WELD ATTACHMENT IN THE HEAD TO SILL JUNCTION. WELD DEFECTS HAVE ALWAYS BEEN RECOGNIZED AS DETRIMENTAL IN AREAS SUBJECT TO SIGNIFICANT STRESS. THUS OUR INSPECTION IS DIRECTED AT ALL SUCH CARS. IT IS NACC'S OPINION THAT YOUR REPORT OVEREMPHASIZED THE MAGNITUDE OF STRESS LEVELS IN THE HEAD TO SILL JUNCTION. ALL OF THE DESIGN PARAMETERS ARE WELL WITHIN SAFE STRESS LEVELS FOR THE MATERIALS USED AND THE KNOWN LOADS WHICH THIS STRUCTURE WILL EXPERIENCE. THE DESIGNS ALSO INCORPORATE A GOOD MARGIN OF SAFETY. IT IS ONLY WHEN ABNORMAL CONDITIONS EXIST, SUCH AS A STRESS RISER IN THE FORM OF SHARPLY NOTCHED UNDERCUT, OR AN ABNORMALLY HIGH SPEED IMPACT IS EXPERIENCED, THAT A CRACK WILL BE INITIATED. IN THE CASE OF NATX 9408 THERE IS EVIDENCE THAT BOTH ABNORMAL CONDITIONS WERE PRESENT. IT IS NACC'S OPINION THAT IF WELD DEFECTS ARE FOUND AND PROPERLY CORRECTED, THERE SHOULD BE NO FURTHER CRACK INITIATION AT THIS LOCATION DURING THE NORAML SERVICE LIFE OF THE CAR. THE GE RAIL INSPECTION PROGRAM REFERENCED ABOVE IS CENTERED AROUND A CLOSE VISUAL EXAMINATION OF WELDS WITH ADDED DYE PENETRANT OR ULTRASONIC INSPECTION CONDUCTED ON SUCH CARS

THAT ARE FOUND WITH WELD DEFECTS OR WHICH SHOW ANY SIGN OF DISTRESS. FOLLOWING THE CORRECT REPAIR OF NECESSARY AREAS, FREQUENT AND INTENSIVE FURTHER INSPECTIONS AND MONITORING WOULD SERVE NO PURPOSE. THE GE RAIL PROGRAM WILL IDENTIFY AND CORRECT ANY CARS WHICH MIGHT OTHERWISE HAVE BEEN POTENTIAL SOURCES OF LEAKS IF THEY WERE LATER EXPOSED TO ABNORMAL IMPACTS OR OTHER SOURCES OF OVERSTRESS.

LOG NUMBER: R-0540
RECOMMENDATION NUMBER: R-85-118
DATE OF ISSUE: Jan-15-1986
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: CHEMICAL MANUFACTURERS ASSOCIATION
DATE OF RESPONSE: 1/28/86 DATE OF NTSB FOLLOWUP LTR: 3/17/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE CHEMICAL MANUFACTURERS ASSOCIATION: INFORM ITS MEMBERS OF THE FACTS AND CIRCUMSTANCES OF THE ACCIDENT IN ELKHART, INDIANA, ON FEBRUARY 4, 1985; REVIEW METHODS AVAILABLE TO SHIPPERS TO DETERMINE ACCURATELY AND QUANTITY OF MATERIAL REMAINING IN RAIL TANKCARS AFTER UNLOADING; AND DEVELOP RECOMMENDED METHODS FOR SHIPPERS TO ACCURATELY DETERMINE MATERIAL REMAINING AFTER UNLOADING.

RESPONSE:

WE ARE IN RECEIPT OF THE SAFETY BOARD'S RECOMMENDATION R-85-118. CMA INTENDS TO PROVIDE ITS MEMBERSHIP WITH INFORMATION PERTAINING TO THE ACCIDENT WHICH OCCURRED IN ELKHART, INDIANA, INVOLVING THE TANK CAR PLACARDED "EMPTY." FURTHER, OUR RAIL EQUIPMENT WORK GROUP IS REVIEWING THE CIRCUMSTANCES OF THAT ACCIDENT, AS WELL AS CURRENT PRACTICES FOR DETERMINING THE AMOUNT OF MATERIAL REMAINING IN AN UNLOADED TANK CAR. CMA WILL COMMUNICATE ITS FINDINGS TO THE SAFETY BOARD UPON THE COMPLETION OF THE WORK GROUP'S ACTIVITIES. IF YOU WISH TO KNOW THE PROGRESS OF OUR ACTIVITIES, I WILL BE PLEASED TO PROVIDE YOU WITH PERIODIC UPDATES.

DATE OF RESPONSE: 8/05/86 DATE OF NTSB FOLLOWUP LTR: 9/16/86

IN LOOKING OVER MY NOTES I WAS NOT SURE WHETHER CMA HAD PROVIDED YOU WITH A COPY OF THE ARTICLE WE DISTRIBUTED TO THE CHEMICAL INDUSTRY IN RESPONSE TO R-85-118. SO THAT YOUR RECORDS ARE CURRENT, I HAVE ATTACHED A COPY OF CMA'S DISTRIBUTION NEWSLETTER WHICH CONTAINED THE ARTICLE "MEASURING TANK CAR CONTENTS."

LOG NUMBER: R-0541
RECOMMENDATION NUMBER: R-85-120
DATE OF ISSUE: Jan-15-1986
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: ASSOCIATION OF AMERICAN RAILROADS
DATE OF RESPONSE: 2/12/86 DATE OF NTSB FOLLOWUP LTR: 4/21/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE ASSOCIATION OF AMERICAN RAILROADS: DEVELOP GUIDELINES AND PROCEDURES FOR MECHANICAL INSPECTORS REGARDING INSPECTION PRACTICES FOR A SUSPECTED LEAKING OR VENTING HAZARDOUS MATERIALS TANKCAR TO ASSURE THAT SUBJECT TANKCARS ARE FIT AND SAFE FOR TRANSPORTATION.

RESPONSE:

WITH REGARD TO RECOMMENDATION R-85-120, I AM PLEASED TO ADVISE THAT THE AAR-RPI-CMA INTERINDUSTRY TASK FORCE HAS DEVELOPED A TRAINING FILM OUTLINING THE INSPECTION PROCEDURES ON TANK CARS FOR SHIPPERS, RAILROADS AND THE CONSIGNEE. THE VIDEO PRODUCTION WILL BE COMPLETED IN MAY 1986. WE FEEL IT WILL SERVE AS A VALUABLE TRAINING AID AND WHEN FINALIZED, THE AAR WILL FURNISH NTSB COPIES FOR THEIR REVIEW AND COMMENTS.

DATE OF RESPONSE: 8/13/86 DATE OF NTSB FOLLOWUP LTR: 10/27/86

AS INDICATED IN MY FEBRUARY 12 CORRESPONDENCE, A VIDEO PRODUCTION DEVELOPED BY THE AAR-RPI-CMA INTERINDUSTRY TASK FORCE AND DEALING WITH INSPECTION PROCEDURES FOR TANK CARS HAS BEEN COMPLETED. INLINE WITH THE SAFETY BOARD'S SUGGESTION, A WRITTEN HAND-OUT WAS DEVELOPED FOR SIMULTANEOUS DISTRIBUTION WITH THE VIDEOTAPE. IT HIGHLIGHTS THE SALIENT POINT OF THE PROGRAM, AND REINFORCES THE IMPORTANCE OF CAREFUL AND THOROUGH INSPECTION. IT MUST BE RECOGNIZED, HOWEVER, THAT NO SET OF WRITTEN INSTRUCTIONS OR PROCEDURES COVERING TRAINYARD INSPECTION OF TANK CARS CAN BE EFFECTIVE IN IDENTIFYING THE KIND OF INTERMITTENT LEAK WHICH PROMPTED

R-85-120. HAIRLINE CRACKS THAT OPEN AND CLOSE WITH STRESS CHANGES IN THE TANK SHELL MOST OFTEN ARE NOT EVIDENT IN UNAIDED VISUAL DETECTION, AND WOULD NOT BE SUSPECTED UNLESS LEAKING AT THE TIME OF THE INSPECTION. THE ONLY WAY TO VERIFY AND LOCATE THIS CONDITION WOULD BE TO SUBJECT THE TANK CAR TO EXTENSIVE DYE PENETRANT OR MAGNETIC PARTICLE EXAMINATION, IN A SHOP ENVIRONMENT. OF COURSE, EXAMINATION OF THIS TYPE IS NOT AMENABLE WITH THE CIRCUMSTANCES OF THE CASE IN POINT OR WITH TRANSPORTATION OPERATIONS IN GENERAL. DESPITE THE ABSENCE OF TECHNOLOGY FOR A DIRECT SOLUTION, WE BELIEVE THE VIDEO PROGRAM AND ACCOMPANYING SUPPLEMENTAL WRITTEN MATERIAL NOW IN CIRCULATION WILL BENEFICIALLY ADDRESS A WIDE VARIETY OF SITUATIONS AND MAKE A SIGNIFICANT CONTRIBUTION TO THE EFFORTS OF INDIVIDUAL RAILROADS TO ASSURE CONTINUING SAFE TRANSPORTATION OF HAZARDOUS MATERIALS. WE APPRECIATE THE SAFETY BOARD'S CONTINUING INTEREST IN THESE MATTERS AND LOOK FORWARD TO POSITIVE RESULTS FROM THESE COOPERATIVE EXCHANGES.

LOG NUMBER: R-0543
RECOMMENDATION NUMBER: R-85-122
DATE OF ISSUE: Jan-15-1986
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: BURLINGTON NORTHERN RAILROAD COMPANY
DATE OF RESPONSE:

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE BURLINGTON NORTHERN RAILROAD COMPANY: PROVIDE FORMALIZED AND DEFINITIVE TRAINING TO MECHANICAL INSPECTORS REGARDING INSPECTION PRACTICES FOR A SUSPECTED LEAKING OR VENTING HAZARDOUS MATERIALS TANKCAR TO ASSURE THAT SUBJECT TANKCARS ARE FIT AND SAFE FOR TRANSPORTATION.

RESPONSE:

LOG NUMBER: R-0545
RECOMMENDATION NUMBER: R-85-124
DATE OF ISSUE: Jan-15-1986
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 6/11/86 DATE OF NTSB FOLLOWUP LTR: 7/25/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: DEVELOP A RECERTIFICATION PROGRAM FOR TANKCARS IN HAZARDOUS MATERIALS SERVICE FABRICATED PRIOR TO 1967, WHICH WILL PROVIDE ASSURANCE THAT UNDERCUT WELDS IN TANKCAR HEADS ARE IDENTIFIED AND CORRECTED.

RESPONSE:

FRA LTR: THE FRA AGREES WITH THE NTSB THAT THE HEAD-TO-STUB SILL WELD ATTACHMENT IS A CRITICAL AREA THAT IS SUBJECT TO SEVERE MECHANICAL STRESS. THE FRA IS CURRENTLY DETERMINING WHICH TANK CARS ARE SUSCEPTIBLE TO A FAILURE SIMILAR TO THAT ENCOUNTERED BY MATX 9408. WHEN THE FRA HAS COMPLETED THIS DETERMINATION, WE WILL IMPLEMENT AN INSPECTION PROGRAM OR TAKE OTHER APPROPRIATE CORRECTIVE MEASURES. SINCE FRA HAS TAKEN THE ACTION NTSB HAS RECOMMENDED, R-85-124 SHOULD BE CLOSED.

ACCIDENT DATE: Dec-31-1984
ACCIDENT CITY: N. LITTLE ROCK
ACCIDENT STATE: AR

RECNO ABSTRACT

R-85-059 R-85-060 ABOUT 4:45 A.M., DECEMBER 31, 1984, RAIX 7033, A TANK CAR LOADED WITH ETHYLENE OXIDE BY THE UNION CARBIDE CORPORATION, WAS DISCOVERED LEAKING IN THE MISSOURI PACIFIC RAILROAD COMPANY (MP) RAILYARD IN NORTH LITTLE ROCK, ARKANSAS. THE LEAKING ETHYLENE OXIDE FORMED A VAPOR CLOUD. FEARING AN

EXPLOSION, RAILYARD MANAGEMENT ORDERED AN EVACUATION AND FORMULATED PLANS TO TRANSFER THE REMAINING ETHYLENE OXIDE FROM THE LEAKING TANK CAR TO ANOTHER TANK CAR. ABOUT 12 HOURS LATER, LOCAL AUTHORITIES ORDERED, AS A PRECAUTIONARY MEASURE, THAT AN ADDITIONAL AREA 1 MILE IN RADIUS, CONTAINING AN ESTIMATED 2,500 PERSONS, BE EVACUATED FOR THE DURATION OF THE PRODUCT TRANSFER. THE EVACUATION ORDER WAS LIFTED AT 11:25 A.M. THE FOLLOWING DAY.

LOG NUMBER: R-0508
RECOMMENDATION NUMBER: R-85-059
DATE OF ISSUE: May-17-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 8/08/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: REQUIRE INSPECTION OF ALL JACKETED TANK CARS IN HAZARDOUS MATERIALS SERVICE THAT HAVE TANK CAR ANTI-SHIFT BRACKETS PROTRUDING OUTSIDE THE TANK JACKETS FOR INDICATIONS OF JACKET SHIFTING OR PRODUCT SEEPAGE IN THE ANTI-SHIFT BRACKET AREA, AND REMOVE FROM SERVICE ALL CARS THAT EXHIBIT SYMPTOMS OF SUCH DISTRESS UNTIL APPROVED REPAIRS ARE MADE.

RESPONSE:

THE FRA AND THE MATERIALS TRANSPORTATION BUREAU (MTB) PUBLISHED A NOTICE IN THE FEDERAL REGISTER ON JUNE 12, 1985, ADVISING INTERESTED PERSONS THAT TANK CARS WITHOUT REQUIRED PADDING FOR ATTACHMENTS MAY NOT BE USED FOR TRANSPORTATION OF ANY HAZARDOUS MATERIALS THAT IS REQUIRED TO BE CARRIED IN A DOT SPECIFICATION TANK CAR. ON JUNE 10, 1985, FRA SENT OUT CERTIFIED LETTERS TO GATX AND KNOWN SHIPPERS THAT HAD PURCHASED OR LEASED TANK CARS FROM GATX ADVISING THEM THAT BETWEEN 8,000 TO 9,000 TANK CARS BUILT BY GATX MAY NOT BE IN COMPLIANCE WITH DOT SPECIFICATIONS. THE OWNERS AND MANUFACTURERS WERE FURTHER INFORMED THAT FRA WOULD TAKE ENFORCEMENT ACTION IF ANY OF THESE CARS WERE LOADED WITH A COMMODITY THAT IS REQUIRED TO BE TRANSPORTED IN A DOT SPECIFICATION TANK CAR AFTER JUNE 15, 1985. CARS LOADED PRIOR TO THAT DATE AND MOVING TO DESTINATION OR RETURNING AS AN EMPTY FOR REPAIRS WILL NOT BE SUBJECTED TO ENFORCEMENT ACTION. FRA HAS DETERMINED FROM THE ASSOCIATION OF AMERICAN RAILROADS TANK CAR COMMITTEE THAT GATX IS THE ONLY CAR BUILDER WHICH USES THIS FORM OF ANTI-SHIFT BRACKET.

LOG NUMBER: R-0508
RECOMMENDATION NUMBER: R-85-060
DATE OF ISSUE: May-17-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 8/08/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: EVALUATE FOR ADEQUACY AND TIMELINESS, DIRECTING CHANGES AS NECESSARY, THE GENERAL AMERICAN TRANSPORTATION CORPORATION'S PROPOSED INSPECTION AND REPAIR PROGRAM FOR BRINGING TANK CARS ON WHICH ANTI-SHIFT BRACKETS ARE WELDED DIRECTLY TO THE TANK SHELL INTO REGULATORY COMPLIANCE, AND MONITOR THE COMPLETION OF THE PROGRAM.

RESPONSE:

GATX HAS LAUNCHED A MAJOR EFFORT TO RETROFIT OVER 9,000 TANK CARS THAT WERE BUILT IN NONCOMPLIANCE WITH EXISTING DOT REGULATIONS. THEY ANTICIPATE THAT BY THE END OF 1985, ALL OF THE TANK CARS WILL HAVE BEEN RETROFITTED. HALF OF THIS FLEET IS ESTIMATED TO BE IN HAZARDOUS MATERIALS SERVICE. THE TANK CARS IN HAZARDOUS MATERIALS SERVICE WILL BE COMPLETELY RETROFITTED BY SEPTEMBER 30, 1985. UNLESS AN EXEMPTION HAS BEEN APPROVED BY FRA/MTB, SHIPPERS ARE PROHIBITED FROM TRANSPORTING HAZARDOUS MATERIALS IN THE SERIES OF CARS BUILT IN NONCOMPLIANCE OF DOT REGULATIONS. THE ASSOCIATION OF AMERICAN RAILROAD (AAR) HAS ALSO BEEN ADVISED BY FRA OF THE TANK CARS IN QUESTION. THE AAR ISSUED AN EARLY WARNING LETTER ON JUNE 13, 1985, TO ALL CHIEF MECHANICAL OFFICERS ADVISING THEM THAT AFTER JUNE 15, 1985, THE FOLLOWING RESTRICTIONS APPLY TO THE SUBJECT CARS: 1. CARS MUST NOT BE LOADED WITH ANY REGULATED COMMODITY REQUIRING MOVEMENT IN A DOT SPECIFICATION TANK CAR UNLESS THE CAR HAS BEEN MODIFIED TO BE IN ACCORDANCE WITH REGULATIONS; AND 2. CARS MUST NOT BE LOADED WITH ANY NON-REGULATED COMMODITY, OR REGULATED COMMODITY AUTHORIZED IN NON-DOT SPECIFICATION TANK CARS UNLESS ALL MARKINGS INDICATING COMPLIANCE WITH DOT SPECIFICATIONS ARE COMPLETELY REMOVED (I.E., DOT FROM DOT-111A100W1 STENCIL). ALL AFFECTED TANK CARS WERE PLACED IN THE AAR'S COMPUTERIZED

EARLY WARNING SYSTEM FOR EASIER INDENTIFICATION BY RAIL CARRIERS. THE FRA IS MONITORING THE RETROFIT PROGRAM AT APPROXIMATELY 50 AAR CERTIFIED SHOPS, TO ASSURE THAT REPAIRS BEING PERFORMED ON TANK CARS IN NONCOMPLIANCE WITH DOT REQUIREMENTS ARE BEING MADE IN ACCORDANCE WITH APPLICABLE DOT AND AAR REQUIREMENTS. THE MEASURES TAKEN BY FRA GO BEYOND THOSE RECOMMENDED BY THE NTSB AND ARE FULLY ADEQUATE TO RESOLVE THE ANTI-SHIFT BRACKET PROBLEM ON THE GATX TANK CARS, AND I REQUEST THAT RECOMMENDATIONS R-85-59 AND R-85-60 BE CLOSED.

REPORT NO.: RAR-85-08
ACCIDENT DATE: Jul-30-1983
ACCIDENT CITY: BATON ROUGE
ACCIDENT STATE: LA

RECNO ABSTRACT

R-85-065 AT 3:45 A.M., ON JULY 30, 1983, VINYL CHLORIDE MONOMER (VCM)
R-85-066 UNDER PRESSURE ESCAPED FROM A RAILROAD TANK CAR AT THE
R-85-067 LOADING FACILITY WITHIN THE FORMOSA PLASTICS CORPORATION
R-85-068 (FORMOSA) CHEMICAL MANUFACTURING PLANT AT BATON ROUGE,
R-85-070 LOUISIANA. THE RELEASED VCM WAS IGNITED BY AN UNDETERMINED
R-85-073 SOURCE, AND A LARGE BILLOWING FIRE ENSUED. AN ADJACENT TANK CAR CONTAINING VCM WAS INVOLVED IN THE FIRE BUT DID NOT RUPTURE VIOLENTLY. TWO PERSONS WERE INJURED SERIOUSLY, TWO TANK CARS WERE DESTROYED, THREE TANK CARS WERE DAMAGED MODERATELY, AND THE LOADING FACILITY WAS DAMAGED EXTENSIVELY. DAMAGE WAS ESTIMATED TO BE $1 MILLION.

LOG NUMBER: R-0464A
RECOMMENDATION NUMBER: R-85-065
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: FORMOSA PLASTICS CORPORATION, U.S.A.
DATE OF RESPONSE:

RECOMMENDATION SUBJECT:

RESPONSE:

THE NTSB RECOMMENDS THAT THE FORMOSA PLASTICS CORPORATION: ESTABLISH A TRAINING PROGRAM AND LOADING TURNOVER PROCEDURES FOR SUPERVISORS AND EMPLOYEES ASSIGNED TO LOAD HAZARDOUS MATERIALS FOR TRANSPORTATION.

LOG NUMBER: R-0464A
RECOMMENDATION NUMBER: R-85-066
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: FORMOSA PLASTICS CORPORATION, U.S.A.
DATE OF RESPONSE:

RECOMMENDATION SUBJECT:

RESPONSE:

THE NTSB RECOMMENDS THAT THE FORMOSA PLASTICS CORPORATION: ESTABLISH A SAFETY INSPECTION PROGRAM TO DETECT AND CORRECT ANY CONDITIONS AT THE PLANT THAT DO NOT MEET REQUIREMENTS OF THE NATIONAL ELECTRICAL AND FIRE CODES AND REGULATIONS OF THE U.S. DEPARTMENT OF TRANSPORTATION.

LOG NUMBER: R-0464A
RECOMMENDATION NUMBER: R-85-067
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: FORMOSA PLASTICS CORPORATION, U.S.A.
DATE OF RESPONSE:

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FORMOSA PLASTICS CORPORATION: IN COOPERATION WITH THE CITY OF BATON ROUGE, LOUISIANA ESTABLISH AN EMERGENCY PREPAREDNESS PLAN AND EVACUATION PROCEDURES FOR EMPLOYEES IN THE EVENT OF A LEAK OR FIRE AT THE PLANT INVOLVING HAZARDOUS MATERIALS.

RESPONSE:

LOG NUMBER: R-0465A
RECOMMENDATION NUMBER: R-85-068
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 11/12/85 DATE OF NTSB FOLLOWUP LTR: 3/25/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: ESTABLISH A PROGRAM TO INSPECT RAIL LOADING FACILITIES AT PETROCHEMICAL PLANTS ON A REGULAR SCHEDULE.

RESPONSE:

FRA LTR: THE FRA SHARES THE CONCERN OF THE NTSB THAT THE SAFETY OF PETROCHEMICAL PLANT OPERATIONS MUST BE ENSURED AND THAT MAINTENANCE OF ELECTRICAL EQUIPMENT, AND CONTROL OF SOURCES OF IGNITION ARE IMPORTANT FEATURES OF AN EFFECTIVE SAFETY PROGRAM. HOWEVER, WE DO NOT BELIEVE THAT AN FRA INSPECTION PROGRAM OF HAZARDOUS MATERIALS LOADING RACKS, WHICH ARE ONLY ONE PORTION OF EACH FACILITY, NOR THE ISSUANCE OF A MEMORANDUM OF UNDERSTANDING WITH OSHA, IS NECESSARY OR WOULD EFFECTIVELY AID IN ACCOMPLISHING THE OBJECTIVE OF PETROCHEMICAL PLANT SAFETY. FRA HAS WORKED VERY CLOSELY WITH OSHA FOR MANY YEARS TO DEFINE CLEAR ROLES FOR THE APPLICABILITY OF OSHA REGULATIONS IN RAIL ENVIRONMENT. IT HAS BEEN AGREED THAT FRA WOULD FOCUS ON THE SAFETY OF RAIL OPERATIONS AS REFLECTED IN HAZARDS ASSOCIATED WITH THE MOVEMENT OF EQUIPMENT OVER THE RAILS, WHILE OSHA WOULD CONCENTRATE ON HAZARDS IN FIXED FACILITIES, SUCH AS SHOPS AND OFFICE BUILDINGS. FRA ALSO ENFORCES THE DEPARTMENT'S COMPREHENSIVE HAZARDOUS MATERIALS REGULATIONS WITH RESPECT TO THE TRANSPORTATION OF HAZARDOUS MATERIALS BY RAIL. IN PARTICULAR, TANK CAR SAFETY REQUIREMENTS DURING UNLOADING OPERATIONS ARE ADDRESSED IN 49 CFR 174.67. THE REGULATIONS ARE DESIGNED TO ASSURE THE SAFETY OF THESE OPERATIONS AND, THEREBY, HAVE THE EFFECT OF PROTECTING THE EMPLOYEES INVOLVED. DESPITE THESE PROVISIONS, THERE IS NOT NOW, NOR HAS THERE EVER BEEN, ANY DISAGREEMENT OR CONFUSION SURROUNDING THE ISSUE OF JURISDICTION OVER WORKING CONDITIONS AT LOADING RACKS IN PETROCHEMICAL PLANTS--OSHA HAS JURISDICTION. THE JURISDICTIONAL RELATIONSHIP BETWEEN OSHA AND FRA WAS OFFICIALLY ANNOUNCED IN A POLICY STATEMENT PUBLISHED IN THE FEDERAL REGISTER SO THAT ALL INTERESTED PARTIES WOULD BE INFORMED. I HAVE ENCLOSED A COPY OF THE POLICY STATEMENT FOR YOUR INFORMATION. SINCE ANNOUNCEMENT OF THIS POLICY, WE HAVE HAD A VERY GOOD WORKING RELATIONSHIP WITH OSHA REGARDING RAILROAD SAFETY MATTERS. OUR WASHINGTON STAFF MEETS REGULARLY TO COORDINATE POLICIES ON EMPLOYEE COMPLAINTS AND OTHER ISSUES. IN LIGHT OF OUR GOOD WORKING RELATIONSHIP WITH OSHA, WE DO NOT BELIEVE THAT ISSUANCE OF A FORMAL MEMORANDUM OF UNDERSTANDING WITH OSHA IS APPROPRIATE. THE POLICY STATEMENT HAS BEEN WELL RECEIVED BY THE PUBLIC AND PROVIDES A CLEARLY ARTICULATED STATEMENT OF JURISDICTION. IT HAS BEEN CITED AS AUTHORITY BY BOTH THE OCCUPATIONAL SAFETY AND HEALTH REVIEW COMMISSION AND BY VARIOUS FEDERAL COURTS, PROVIDING A LEGAL AND FUNCTIONAL FRAMEWORK AT LEAST AS EFFECTIVE AS A MEMORANDUM OF UNDERSTANDING. OUR DISCUSSIONS WITH OSHA AS A CONSEQUENCE OF RECOMMENDATIONS R-85-68 AND -69 HAVE CONFIRMED THE COMPLETE AGREEMENT CONCERNING OUR RESPECTIVE AGENCIES' ROLE ON INSPECTIONS OF LOADING FACILITIES. ENFORCEMENT OF REGULATIONS ADDRESSING THE HAZARDS OF CONCERN TO NTSB CLEARLY RESIDES WITH THE AUTHORITY OF OSHA.

OSHA HAS INDICATED TO US THAT THEY ARE INITIATING A PILOT SPECIAL EMPHASIS PROGRAM IN THE PETROCHEMICAL INDUSTRY WHICH WILL INCLUDE LOADING FACILITIES. FRA BELIEVES THAT THE CURRENT DIVISION OF RESPONSIBILITY BETWEEN FRA AND OSHA STEMMING FROM OUR RESPECTIVE STATUTORY AUTHORITY FURTHERS SAFETY. AN ADEQUATE SAFETY INSPECTION OF LOADING FACILITIES REQUIRES DETAILED KNOWLEDGE OF ELECTRICAL HAZARDS, WALKING/ WORKING SURFACES STANDARDS, CONSTRUCTION AND FIRE PREVENTION REQUIREMENTS. FRA INSPECTORS DO NOT HAVE THIS EXPERTISE. THEREFORE, ANY ASSERTION BY FRA COULD CREATE CONFUSION OR A FALSE SENSE OF SECURITY. IN ADDITION, OUR AUTHORITY UNDER THE HAZARDOUS MATERIALS TRANSPORTATION ACT REGARDING THESE FACILITIES WOULD LIMIT OUR JURISDICTION TO ONLY THOSE FACILITIES HANDLING HAZARDOUS MATERIALS. OSHA JURISDICTION REACHES THE SAFETY ISSUES OF LOADING PLATFORMS IN ALL INDUSTRIAL OPERATIONS. FRA FULLY SUPPORTS OSHA'S SAFETY EFFORTS IN THE PETROCHEMICAL INDUSTRY, AND WILL ASSIST IN EVERY WAY POSSIBLE. OUR INSPECTORS WILL BE INFORMED OF THESE DEVELOPMENTS AND WILL BE INSTRUCTED TO APPRISE OSHA OF ANY CIRCUMSTANCES NOTED DURING THEIR TANK CAR INSPECTION ACTIVITY IN LOADING FACILITIES THAT MAY BE A POTENTIAL HAZARD. FRA HAS CONSIDERED THE ISSUES PRESENTED IN THESE RECOMMENDATIONS AND FOUND PRESENT PROCEDURES THOROUGHLY ADDRESS THEM. FRA BELIEVES THAT RECOMMENDATIONS R-85-68 AND -69 SHOULD BE RECONSIDERED AND CLOSED.

LOG NUMBER: R-0466A
RECOMMENDATION NUMBER: R-85-070
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: RSPA
DATE OF RESPONSE:

RECOMMENDATION SUBJECT:

RESPONSE:

THE NTSB RECOMMENDS THAT THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION: ESTABLISH SAFETY STANDARDS AND INSPECTION PROCEDURES FOR LOADING FACILITIES AT PETROCHEMICAL PLANTS.

LOG NUMBER: R-0466C
RECOMMENDATION NUMBER: R-85-073
DATE OF ISSUE: Jun-17-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: LOUISIANA, GOVERNOR
DATE OF RESPONSE: 8/28/86 DATE OF NTSB FOLLOWUP LTR: 10/27/86

RECOMMENDATION SUBJECT:

RESPONSE:

THE NTSB RECOMMENDS THAT THE STATE OF LOUISIANA: EVALUATE THE ABILITY OF STATE AGENCIES CHARGED WITH ADMINISTERING SAFETY REGULATIONS IN PETROCHEMICAL PLANTS TO CARRY OUT THEIR RESPONSIBILITY, AND MAKE NECESSARY CHANGES TO INSURE REGULAR INSPECTIONS OF THESE FACILITIES.

WITH REGARD TO THE NTSB RECOMMENDATION THAT THE LOUISIANA AGENCY RESPONSIBLE FOR IN-PLANT SAFETY INSPECTION MAKE NECESSARY CHANGES TO INSURE REGULAR INSPECTIONS OF THESE FACILITIES, I MUST REGRETTABLY REPORT THAT WE HAVE MADE LITTLE PROGRESS TOWARD THE GOAL OF INCREASED INSPECTIONS. THE HAZARDOUS SUBSTANCE CONTROL SECTION OF THE LOUISIANA STATE POLICE HAS THE POWER TO INSPECT AND ENFORCE REGULATIONS PURSUANT TO THE TRANSPORTATION OF HAZARDOUS MATERIALS BY ANY MODE IN THE STATE OF LOUISIANA. HOWEVER, WE HAVE DETERMINED THAT THE GREATEST THREAT TO THE CITIZENS OF OUR STATE LIES IN THE HIGHWAY TRANSPORTATION MODE AND WE HAVE THEREFORE DIRECTED THE MAJORITY OF OUR MEAGER RESOURCES TOWARD THIS SECTOR. THIS DOES NOT MEAN THAT WE ARE GOING TO IGNORE OBVIOUS SAFETY VIOLATIONS WHEN THEY OCCUR. THE STATE POLICE HAS CONDUCTED NUMEROUS RAIL-PIPELINE AND WATER-RELATED TRANSPORT INVESTIGATIONS OF SAFETY VIOLATIONS. IN ADDITION, WE HAVE PARTICIPATED WITH SEVERAL AGENCIES OF THE FEDERAL GOVERNMENT, SUCH AS THE ENVIRONMENTAL PROTECTION AGENCY AND THE DEPARTMENT OF TRANSPORTATION (FEDERAL HIGHWAY ADMINISTRATION AND FEDERAL RAILROAD ADMINISTRATION), IN IMPORTANT INVESTIGATIONS RELATING TO THE TRANSPORTATION OF HAZARDOUS MATERIALS. THE STATE POLICE AT MY DIRECTION WILL CONTINUE THESE PURSUITS AND, WHEN THE FINANCIAL SITUATION IN

LOUISIANA IMPROVES, WE WILL ATTEMPT TO INCREASE THE SAFETY ENFORCEMENT ACTIVITIES OF THIS AGENCY. I WELCOME AND ENCOURAGE THE INCREASED SUPPORT OF THOSE FEDERAL AGENCIES WHICH HAVE SIMILAR SAFETY FUNCTIONS AND RESPONSIBILITIES TO WORK WITH STATE POLICE IN DEVELOPING SAFETY INSPECTION PROCEDURES AS CALLED FOR IN YOUR RECOMMENDATION.

REPORT NO.: RAR-85-10
ACCIDENT DATE: Apr-03-1983
ACCIDENT CITY: DENVER
ACCIDENT STATE: CO

RECNO ABSTRACT

R-85-061 R-85-062 R-85-063 R-85-064 ABOUT 4:00 A.M. MOUNTAIN STANDARD TIME ON APRIL 3, 1983, A DENVER AND RIO GRANDE WESTERN RAILROAD COMPANY (D&RGW) SWITCH CREW WAS SWITCHING 17 CARS IN THE D&RGW'S NORTH YARD AT DENVER, COLORADO, WHEN A COUPLER BROKE ON THE FOURTH CAR, LEADING TO AN UNDETECTED SEPARATION OF 150 FEET BETWEEN THE THIRD AND FOURTH CARS. THE ENGINEER, RESPONDING TO A HAND LAMP SIGNAL FROM THE FOREMAN, ACCELERATED THE LOCOMOTIVE, WITH A CABOOSE, AN EMPTY FREIGHT CAR, AND A LOADED TANK CAR COUPLED AHEAD. THE LOADED TANK CAR STRUCK THE FOURTH CAR AT A SPEED OF ABOUT 10-12 MPH. UPON IMPACT, THE END SILL OF THE FOURTH CAR, AN EMPTY BOXCAR, RODE OVER THE COUPLER OF THE LOADED TANK CAR AND PUNCTURED THE TANK HEAD. NITRIC ACID SPILLED FROM THE CAR, FORMED A VAPOR CLOUD WHICH DISPERSED OVER THE AREA, AND IGNITED SMALL FIRES INVOLVING THE CROSSTIES. AS A RESULT 34 PERSONS WERE INJURED AND 9,000 PERSONS WERE EVACUATED FROM THE AREA. DAMAGE TO RAILROAD PROPERTY WAS ESTIMATED TO BE ABOUT $341,000.

LOG NUMBER: R-0521
RECOMMENDATION NUMBER: R-85-061
DATE OF ISSUE: Jun-24-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: RSPA
DATE OF RESPONSE: 2/17/87 DATE OF NTSB FOLLOWUP LTR: 3/24/87

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION: IN CONSULTATION WITH THE FEDERAL RAILROAD ADMINISTRATION AND THE ASSOCIATION OF AMERICAN RAILROADS CONDUCT A FULL TESTING AND EVALUATION PROGRAM TO DEVELOP A HEAD SHIELD TO PROTECT DOT SPECIFICATION ALUMINUM TANK CAR ENDS FROM PUNCTURE AND MANDATE INSTALLATION OF THE HEAD SHIELD AT AN EARLY DATE.

RESPONSE:

LOG NUMBER: R-0522
RECOMMENDATION NUMBER: R-85-062
DATE OF ISSUE: Jun-24-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: ASSOCIATION OF AMERICAN RAILROADS
DATE OF RESPONSE: 9/26/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE ASSOCIATION OF AMERICAN RAILROADS: SEEK AGREEMENT BETWEEN MEMBER RAILROADS TO PERIODICALLY INSPECT HIDDEN CAR COMPONENTS IN A MANNER AT LEAST EQUIVALENT TO THE REQUIREMENTS OF THE FEDERAL REGULATIONS WHICH WERE IN EFFECT PRIOR TO THE REVISION OF THE FREIGHT CAR SAFETY STANDARDS IN 1980 AND INCORPORATE THIS INSPECTION AS A RULE IN THE CAR INTERCHANGE REQUIREMENTS.

RESPONSE:

IN REGARD TO R-85-62, THE REQUIREMENT FOR PERIODIC INSPECTIONS IN FREIGHT CARS WAS RIGHTFULLY ELIMINATED BY FRA IN 1980, FOR THE SAME OVERWHELMING REASONS THAT APPLY TO REJECT THE CURRENT SAFETY BOARD RECOMMENDATION FOR DIRECT INSPECTION OF HIDDEN COMPONENTS IN A MANNER AT LEAST EQUIVALENT TO THE PRE- 1980 FEDERAL REGULATIONS. FROM LONG EXPERIENCE, WE IN THE AAR KNOW THAT NO RULE CAN ELIMINATE

EVERY ISOLATED FAILURE; AND MORE IMPORTANT THERE IS A POINT BEYOND WHICH THE COSTS OF RULE COMPLIANCE CAN BE SO PROHIBITIVE AS TO LITERALLY CRIPPLE THE INDUSTRY. THE RAILROAD SAFETY RECORD SINCE 1980 CLEARLY SHOWS THAT DESPITE VERY INFREQUENT FAILURE INCIDENTS, THE DECISION TO REPEAL THE PERIODIC INSPECTION REQUIREMENT WAS SOUND. THE IMPROVEMENTS REALIZED HAVE HAPPENED AS AN INTEGRAL PART OF OPERATIONS. FOR EXAMPLE, THROUGH INDIVIDUAL RAILROAD INSPECTIONS AND MAINTENANCE AND OPERATING POLICIES, SWITCH CREW PERSONNEL ARE REGULARLY POSITIONED TO BETTER DETECT SEPARATIONS AS OCCURRED IN THIS CASE, AND OVERALL INSPECTION AND MAINTENANCE IS ROUTINELY PERFORMED CONSISTENT WITH NEEDS. THE RAILROAD INDUSTRY, THRU AAR, IS ALERT TO OCCURRENCES AND NATIONAL TRENDS IN MECHANICAL PROBLEMS; AND EARLY WARNING AND CIRCULAR LETTERS ARE ISSUED TO ALL MEMBERS WHEN NECESSARY TO PREVENT THE POSSIBILITY OF REPETITION OF FAILURES. FURTHER SINCE 1980, THE RAILROADS HAVE VOLUNTARILY INVESTED IN IMPROVEMENTS BY INSTITUTING MECHANISMS TO REDUCE MECHANICAL FAILURES. AMONG THE NEWER MECHANISMS, THE CAR BUILDERS CERTIFICATION PROGRAM IS AIMED AT ENSURING THE COMPLETE INTEGRITY OF NEW FREIGHT CARS, AND THE QUALITY ASSURANCE PROGRAM IS OPERATIVE TO IMPROVE COMPLIANCE OF FREIGHT CAR COMPONENTS WITH AAR SPECIFICATIONS AS MANUFACTURED AND DELIVERED TO BUYERS. FROM A "SYSTEMS VIEWPOINT," THE RAILROAD INDUSTRY IS DOING A COMMENDABLE JOB IN THE SAFETY ARENA BUT WE STILL CONSTANTLY LOOK FOR BETTER WAYS. HOWEVER, WE CAN NOT AFFORD TO GO BACK TO EXCESSIVELY COSTLY METHODS THAT HAVE PROVEN TO BE INEFFECTIVE.

LOG NUMBER: R-0522
RECOMMENDATION NUMBER: R-85-063
DATE OF ISSUE: Jun-24-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: ASSOCIATION OF AMERICAN RAILROADS
DATE OF RESPONSE: 9/26/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE ASSOCIATION OF AMERICAN RAILROADS: IN CONSULTATION WITH THE FEDERAL RAILROAD ADMINISTRATION AND THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION CONDUCT A FULL TESTING AND EVALUATION PROGRAM TO DEVELOP A HEAD SHIELD TO PROTECT DOT SPECIFICATION ALUMINUM TANK CAR ENDS FROM PUNCTURE AND INCORPORATE INSTALLATION OF THE HEAD SHIELD AT AN EARLY DATE AS A RULE IN THE CAR INTERCHANGE REQUIREMENTS.

RESPONSE:

R-85-63 CALLS FOR A COOPERATIVE PROGRAM WITH FRA AND RSPA TO EVALUATE HEAD SHIELD PROTECTION ON ALUMINUM CARS. THE AAR, IN INTERACTIONS WITH DOT, UNDERSTANDS THAT A TESTING AND EVALUATION PROGRAM IS UNDERWAY TO ADDRESS THE HEAD SHIELD ISSUE. AAR RESOURCES WILL CONTINUE TO SUPPORT TANK CAR IMPROVEMENT EFFORTS AS IN THE PAST; INITIAL TESTS OF THE ALUMINUM CARS PROBABLY WILL TAKE PLACE AT THE TRANSPORTATION TEST CENTER. WE TRUST THAT UPON COMPLETION OF EVALUATIONS AS TO THE FEASIBILITY OF PROTECTION, THAT PRIORITIES FOR PROTECTION WILL BE DECIDED CONSISTENT WITH EXISTING RATIONALE THAT JUSTIFIES REQUIREMENTS BASED UPON THE RELATIVE THREATS POSED BY THE COMMODITIES CARRIED IN THE TANK CAR.

LOG NUMBER: R-0523
RECOMMENDATION NUMBER: R-85-064
DATE OF ISSUE: Jun-24-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 8/27/85

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: IN CONSULTATION WITH THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION AND THE ASSOCIATION OF AMERICAN RAILROADS CONDUCT A FULL TESTING AND EVALUATION PROGRAM TO DEVELOP A HEAD SHIELD TO PROTECT DOT SPECIFICATION ALUMINUM TANK CAR ENDS FROM PUNCTURE AND MANDATE INSTALLATION OF THE HEAD SHIELD AT AN EARLY DATE.

RESPONSE:

THE FRA HAS INITIATED A PROGRAM TO STUDY THE PUNCTURE RESISTANCE OF ALUMINUM TANK CARS. A CONTRACT WAS AWARDED TO ADVANCED TECHNOLOGY AND RESEARCH INC., IN SEPTEMBER OF 1984, TO CONDUCT SCALE MODEL ALUMINUM TANK CAR HEAD PUNCTURE RESISTANCE TESTING. THE TESTING, TO BE CONDUCTED BY ADVANCED TECHNOLOGY AND RESEARCH, INC., INCLUDES TESTING OF BOTH 1/5 AND 1/10 SCALE MODEL ALUMINUM TANK CAR HEADS. VARIOUS MATERIAL THICKNESS AND MITIGATING MATERIALS ARE BEING TESTED ALONG WITH THE EFFECTS OF TEMPERATURE ON THESE

MATERIALS. THE FINAL REPORT IS DUE BY SEPTEMBER 1985. A FULL SCALE TEST PROGRAM IS PLANNED FOR FY 86-87 AT THE TRANSPORTATION TEST CENTER (TTC), AT PUEBLO, COLORADO, OPERATED BY THE ASSOCIATION OF AMERICAN RAILROADS. TTC IS CURRENTLY DESIGNING AND BUILDING THE TEST FIXTURE INCLUDING THE REACTION CAR, RAM CAR AND THE PRESSURE VESSEL FOR ATTACHING THE FULL SCALE TANK CAR HEADS. THE FACILITY IS SCHEDULED TO BE COMPLETED IN APRIL 1986, AND TESTING OF THE ALUMINUM TEST CAR SHOULD BEGIN AROUND AUGUST 1986. I WILL KEEP YOU ADVISED OF OUR TESTING PROGRAM AS THE RESULTS ARE MADE AVAILABLE TO US.

DATE OF RESPONSE: 1/09/86 DATE OF NTSB FOLLOWUP LTR: 2/18/86

THE ALUMINUM TANK CAR SCALE MODEL TESTING IS BEING PERFORMED BY ADVANCED TECHNOLOGY AND RESEARCH, INC. (ATR). THE ATR CONTRACT HAS BEEN REVISED TO PROVIDE FOR ADDITIONAL TESTING AND TO EXTEND THE DUE DATE FOR THE FINAL REPORT TO FEBRUARY 1986. WHEN FRA RECEIVES THE ATR FINAL REPORT THE NATIONAL TRANSPORTATION SAFETY BOARD WILL BE SENT A COPY. THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION IS MONITORING THE TESTING AND HAS BEEN PROVIDED COPIES OF PROGRESS REPORTS ON THE SCALE MODEL TESTING.

REPORT NO.: RAR-85-12
ACCIDENT DATE: Feb-23-1985
ACCIDENT CITY: JACKSON
ACCIDENT STATE: SC

RECNO	ABSTRACT
R-85-076 R-85-077 R-85-078 R-85-086 R-85-087 R-85-103 R-85-104 R-85-105	ABOUT 7:15 A.M. ON FEBRUARY 23, 1985, SEABOARD SYSTEM RAILROAD (SBD) TRAIN NO. 690, EN ROUTE FROM SAVANNAH, GEORGIA, TO AUGUSTA, GEORGIA, DERAILED WHILE TRAVELING WEST-BOUND ABOUT 49 MPH ON A SINGLE MAIN TRACK AT JACKSON, SOUTH CAROLINA. THE ACCIDENT RESULTED IN THE DERAILMENT OF 28 CARS, INCLUDING 8 DOT SPECIFICATION 111A100W TANK CARS LADEN WITH CYCLOHEXANE, A FLAMMABLE LIQUID. ALL OF THE TANK CARS WERE SEVERELY DAMAGED AND THEIR CONTENTS IGNITED. THE RELEASE OF THE HAZARDOUS MATERIAL LED TO THE EVACUATION OF ALL RESIDENCES WITHIN A 1-MILE RADIUS OF THE ACCIDENT SITE. ALTHOUGH NO INJURIES RESULTED FROM THE ACCIDENT, PRELIMINARY ESTIMATES OF PROPERTY DAMAGE EXCEED $2,000,000.

LOG NUMBER: R-0526
RECOMMENDATION NUMBER: R-85-076
DATE OF ISSUE: Jul-22-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: SEABOARD SYSTEM RAILROAD, INC.
DATE OF RESPONSE: 9/03/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SEABOARD SYSTEM RAILROAD: REVIEW AND REVISE, AS NECESSARY, MECHANICAL MAINTENANCE, INSPECTION, AND SUPERVISORY PRACTICES FOR LOCOMOTIVE AND CAR EQUIPMENT TO PREVENT THE RETURN TO SERVICE OF UNSAFE EQUIPMENT.

RESPONSE:

THE DERAILMENT AT JACKSON, SC, WAS CAUSED BY A CUSHION UNIT FALLING FROM A BOXCAR CENTER SILL POCKET UNDER THE CAR. THIS BOXCAR RECEIVED A NEW CUSHION UNIT ON DECEMBER 4, 1984, REPLACING A DEFECTIVE UNIT FOLLOWING INSPECTION AT CHARLOTTE, NC. IN ORDER TO EXPLAIN HOW THE CARRIER BOLTS COULD FAIL ON THIS BOXCAR, SEABOARD ELECTED TO CONDUCT EXTENSIVE TESTS, DOING WHATEVER WAS NECESSARY TO REPLICATE THE INCIDENT, THEREBY OBTAINING THE ROOT CAUSE OF THE INCIDENT. AFTER UNSUCCESSFULLY CAUSING ANY FAILURE BY IMPACTING THE CAR, IT WAS CONJECTURED THAT SOME OF THE NITROGEN GAS MAY HAVE ESCAPED FROM THE CYLINDER. NITROGEN GAS IS USED TO RESTORE THE CUSHION UNIT TO ITS EXTENDED POSITION AFTER IMPACTS. AFTER REDUCING THE PRESSURE IN THE CYLINDER, FURTHER IMPACTS PRECISELY REPLICATED THE FAILURE AND GAVE US THE NECESSARY CLUE AS TO WHAT HAPPENED. INSPECTION DURING THE FAILURE MODE SHOWED THAT THE ACF UNIT REQUIRED ADDITIONAL SUPPORT AREA WITH PARTIALLY PRESSURED

RETURN CYLINDER. IN TRACING BACK THE HISTORY OF USING ACF UNITS IN PLACE OF PULLMAN STANDARD UNITS, WITH WHICH THE CAR WAS ORIGINALLY EQUIPPED, IT WAS RECALLED THAT PULLMAN STANDARD HAD STOPPED MANUFACTURE OF THE ORIGINAL EQUIPMENT, FORCING US TO TURN TO ALTERNATIVE SOURCES. ACF WAS THE ONLY UNIT DIRECTLY REPLACEABLE. SEABOARD APPLIED ITS FIRST REPLACEMENT UNIT IN A CAR EQUIPPED WITH 30-INCH TRAVEL UNITS AND DID SO UNDER THE SUPERVISION OF THE FACTORY REPRESENTATIVE FROM ACF. AT THE TIME, IT WAS OUR UNDERSTANDING FROM ACF THAT THE UNITS WERE FULLY EXCHANGEABLE. HOWEVER, AS A RESULT OF THE TESTS FOLLOWING THE DERAILMENT, WE DISCOVERED THAT WITH 20-INCH TRAVEL UNITS, THERE WAS A DIFFERENCE IN THE LENGTH OF SUPPORT DURING UNIT TRAVEL THAT AFFECTED THE PERFORMANCE WHENEVER THE GAS IN THE RETURN CYLINDER IS LOW. THUS, FOR FAILURE TO OCCUR, IT TAKES THE COMBINATION OF THESE TWO CIRCUMSTANCES: (1) AN ACF UNIT APPLIED TO A 20-INCH TRAVEL PULLMAN STANDARD POCKET; AND (2) LOW GAS PRESSURE IN THE CYLINDER. WE BELIEVE THAT THIS EXPLAINS WHY IT HAS NOT HAPPENED PREVIOUSLY AND POINT OUT THAT THERE WAS NO LETDOWN IN THE REPAIR OR INSPECTION OF CAR EQUIPMENT. IN FACT, AS SOON AS THE FACTS WERE KNOWN AND VERIFIED, SEABOARD RECOMMENDED TO THE AAR THAT A CIRCULAR LETTER BE ISSUED SO THAT ALL ROADS WOULD HAVE THE BENEFIT OF THIS INFORMATION. ADDITIONALLY, A DRAWING WAS PREPARED AND DISTRIBUTED SHOWING THE NECESSARY CHANGES NEEDED TO BE MADE TO SUPPORT PLATES WHEN ACF 20-INCH UNITS ARE APPLIED. WHEN THE LOCOMOTIVE FROM THE DERAILED TRAIN ARRIVED AT AUGUSTA, GA, REQUEST WAS ISSUED BY TRANSPORTATION DEPARTMENT PERSONNEL TO INSPECT THE LOCOMOTIVES TO SEE IF IT COULD BE DETERMINED IF ANY DAMAGE HAD OCCURRED. MECHANICAL FORCES DID NOT SEE ANYTHING OF SUFFICIENT MAGNITUDE TO CAUSE THE LOCOMOTIVES TO BE SHOPPED. THE UNITS WERE CONSIDERED SAFE FOR SERVICE. AT ERWIN, TN, THE FRA AND NTSB REPRESENTATIVES REQUESTED AN INSPECTION OVER A PIT. WHEN THE UNITS WERE EXAMINED, THEY WERE MEASURED FOR CLEARANCE ABOVE THE RAIL. AT THAT TIME, CERTAIN MARKS WERE FOUND WHERE THE TRACTION MOTORS AND END PLATES HAD STRUCK THE PARTS FROM THE BOXCAR. HOWEVER, NO EXCEPTION WAS TAKEN BY OUR INSPECTORS AS THEY ARE ACCUSTOMED TO SEEING SUPERFICIAL MARKS ON EQUIPMENT OPERATING SO CLOSE TO THE ROADBED. IT IS NOT AT ALL UNUSUAL FOR BALLAST OR OTHER LOOSE ITEMS TO RUB AGAINST THESE PARTS IN CERTAIN CIRCUMSTANCES SUCH AS AT GRADE CROSSINGS, ETC. HAD THERE BEEN ANYTHING DEFECTIVE, THE MOTORS WOULD HAVE LONG SINCE FAILED IN SERVICE. THE FACT IS THAT THE LOCOMOTIVES CONTINUE TO OPERATE WITH THESE SAME TRACTION MOTORS. SUBSEQUENTLY, FOR THE NTSB TO CONCLUDE THAT THE EQUIPMENT WAS UNSAFE IMPLIES THAT IT SHOULD HAVE BEEN REMOVED FROM SERVICE. NO SUCH REQUEST WAS MADE BY EITHER THE FRA OR NTSB REPRESENTATIVES AT THE INSPECTION, AND THE UNITS WERE RELEASED TO SERVICE. WE BELIEVE THAT THE MECHANICAL FORCES HAVE ACTED RESPONSIBLY FROM THE OUTSET. THAT FACT THAT WE REPLACED THE CUSHION UNIT AT CHARLOTTE, NC, WHICH IS A RELATIVELY SMALL POINT FOR MECHANICAL REPAIRS, INDICATES THAT WE ARE, IN FACT, ACTIVELY INSPECTING AND REPAIRING OUR EQUIPMENT, AND HAVE FOLLOWED UP TO PREVENT RECURRENCE ON SEABOARD OR ANY OTHER ROAD BY PROMULGATING THE INFORMATION DEVELOPED TO THE AAR, AS WELL AS TO OUR OWN FORCES. WE TAKE EXCEPTION TO THE NTSB STATEMENT THAT WE HAVE RETURNED UNSAFE EQUIPMENT TO SERVICE.

LOG NUMBER: R-0526
RECOMMENDATION NUMBER: R-85-077
DATE OF ISSUE: Jul-22-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: SEABOARD SYSTEM RAILROAD, INC.
DATE OF RESPONSE: 9/03/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SEABOARD SYSTEM RAILROAD: REVIEW AND REVISE, AS NECESSARY, DISPATCHING PRACTICES AND PRESCRIBED PROCEDURES FOR DISPATCHING TRAINS IN MANUAL BLOCK TERRITORIES TO PROVIDE FOR THE SAFE OPERATION OF TRAINS.

RESPONSE:

IN RESPONSE TO THE NTSB INVESTIGATOR'S QUESTIONS REGARDING SUPERVISORY EVALUATION OF THREE DISPATCHERS, THE CHIEF DISPATCHER RESPONDED ON BASIS OF PERFORMANCE AND CAPACITY RATHER THAN DEGREE OF QUALIFICATION. ESTABLISHED PROCEDURES INVOLVE INTENSE PRELIMINARY TRAINING REGARDING SEABOARD

OPERATING RULES AND PRACTICES. A TRIP OVER THE TERRITORY IS MADE TO ENABLE DISPATCHERS TO BECOME FAMILIAR WITH THE PHYSICAL CHARACTERISTICS. WRITTEN AND ORAL EXAMINATIONS WITH REGARD TO OPERATING RULES ARE CONDUCTED PRIOR TO INITIAL QUALIFICATION. DURING THE BREAK-IN PERIOD, A NEW DISPATCHER IS GIVEN SPECIAL ASSISTANCE AND SUPERVISION BY THE CHIEF DISPATCHER AND, THEREAFTER, DISPATCHERS ARE FREQUENTLY OBSERVED AND SUPERVISED, WITH ANNUAL OPERATING RULES CLASSES PROVIDED. THE NTSB INVESTIGATOR QUESTIONED LACK OF ADDITIONAL EFFORTS IN TERMS OF SUPERVISING THE DISPATCHERS AFTER THE DERAILMENT REQUIRED INVOLVEMENT OF THE CHIEF DISPATCHER WITH REROUTING OF TRAFFIC AND OTHER PRESSING DUTIES. THESE ADDITIONAL ACTIVITIES PLACED A TREMENDOUS DEMAND ON THE CHIEF DISPATCHER'S TIME, EFFECTIVELY ELIMINATING ANY OPPORTUNITY FOR HIM TO LEAVE HIS POST FOR THE PURPOSE OF GIVING UNDIVIDED ATTENTION TO THE SUPERVISING OF THE DISPATCHERS. HOWEVER, THE CHIEF DISPATCHER WOULD HAVE GIVEN CONSIDERATION TO CALLING IN ASSISTANCE FOR AN 'INEXPERIENCED' DISPATCHER DURING THIS TIME.

LOG NUMBER: R-0526
RECOMMENDATION NUMBER: R-85-078
DATE OF ISSUE: Jul-22-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: SEABOARD SYSTEM RAILROAD, INC.
DATE OF RESPONSE: 9/03/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SEABOARD SYSTEM RAILROAD: REVIEW AND REVISE, AS NECESSARY, SUPERVISORY PROCEDURES IN DISPATCHING OFFICES HAVING MANUAL BLOCK TERRITORIES TO PROVIDE FOR THE SAFE DISPATCHING OF TRAINS.

RESPONSE:

IN RESPONSE TO THE NTSB INVESTIGATOR'S QUESTIONS REGARDING SUPERVISORY EVALUATION OF THREE DISPATCHERS, THE CHIEF DISPATCHER RESPONDED ON BASIS OF PERFORMANCE AND CAPACITY RATHER THAN DEGREE OF QUALIFICATION. ESTABLISHED PROCEDURES INVOLVE INTENSE PRELIMINARY TRAINING REGARDING SEABOARD OPERATING RULES AND PRACTICES. A TRIP OVER THE TERRITORY IS MADE TO ENABLE DISPATCHERS TO BECOME FAMILIAR WITH THE PHYSICAL CHARACTERISTICS. WRITTEN AND ORAL EXAMINATIONS WITH REGARD TO OPERATING RULES ARE CONDUCTED PRIOR TO INITIAL QUALIFICATION. DURING THE BREAK-IN PERIOD, A NEW DISPATCHER IS GIVEN SPECIAL ASSISTANCE AND SUPERVISION BY THE CHIEF DISPATCHER AND, THEREAFTER, DISPATCHERS ARE FREQUENTLY OBSERVED AND SUPERVISED, WITH ANNUAL OPERATING RULES CLASSES PROVIDED. THE NTSB INVESTIGATOR QUESTIONED LACK OF ADDITIONAL EFFORTS IN TERMS OF SUPERVISING THE DISPATCHERS AFTER THE DERAILMENT REQUIRED INVOLVEMENT OF THE CHIEF DISPATCHER WITH REROUTING OF TRAFFIC AND OTHER PRESSING DUTIES. THESE ADDITIONAL ACTIVITIES PLACED A TREMENDOUS DEMAND ON THE CHIEF DISPATCHER'S TIME, EFFECTIVELY ELIMINATING ANY OPPORTUNITY FOR HIM TO LEAVE HIS POST FOR THE PURPOSE OF GIVING UNDIVIDED ATTENTION TO THE SUPERVISING OF THE DISPATCHERS. HOWEVER, THE CHIEF DISPATCHER WOULD HAVE GIVEN CONSIDERATION TO CALLING IN ASSISTANCE FOR AN 'INEXPERIENCED' DISPATCHER DURING THIS TIME.

LOG NUMBER: R-0531
RECOMMENDATION NUMBER: R-85-086
DATE OF ISSUE: Aug-12-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: ASSOCIATION OF AMERICAN RAILROADS
DATE OF RESPONSE: 9/26/85 DATE OF NTSB FOLLOWUP LTR: 12/04/85

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE ASSOCIATION OF AMERICAN RAILROADS: URGE ITS MEMBERSHIP TO INSPECT PROMPTLY ALL CUSHION UNDERFRAME FREIGHT CARS WHICH HAVE HAD ORIGINAL EQUIPMENT PULLMAN STANDARD, INC., CUSHION UNDERFRAME UNITS

RESPONSE:

THE MECHANICAL DIVISION OF THE AAR WAS FULLY APPRISED OF THE RESULTS OF SEABOARD SYSTEM'S INVESTIGATION OF THE FAILED CARRIER PLATE ON CAR SBD 156678 AND OF THE TESTS CONDUCTED AT WAYCROSS, GEORGIA, RECREATING THE CONDITIONS LEADING TO

REPLACED WITH JOY MANUFACTURING COMPANY CUSHION UNDERFRAME UNITS TO DETERMINE WHETHER CARRIER PLATES ARE FITTED WHICH ELIMINATE ANY GAP BETWEEN THE CARRIER PLATE AND THE FIXED DRAFT STOPS AND TO INSTALL LONGER PLATES WHERE NECESSARY. PROVIDE THE SAFETY BOARD A REPORT OF THE NUMBER OF FREIGHT CARS FOUND BY EACH MEMBER RAILROAD TO REQUIRE LONGER CARRIER PLATES AND AN ESTIMATED COMPLETION TIME FOR REPLACEMENT.

THE FAILURE. AFTER ANALYSIS OF SEABOARD'S FINDINGS, CIRCULAR LETTER C-7083 (COPY ATTACHED) WAS ISSUED TO AAR MEMBERS AND PRIVATE CAR OWNERS ADVISING OF THE CIRCUMSTANCES SURROUNDING THE CARRIER PLATE FAILING, AND URGING PROMPT INSPECTION OF ALL CARS THAT MAY HAVE HAD THE WKM 20-B UNIT SUBSTITUTED FOR THE ORIGINAL HYDROFRAME CUSHIONING DEVICE. THE LETTER EMPHASIZED THAT STEPS SHOULD BE TAKEN TO ENSURE PROPER SIZE AND SECUREMENT OF THE CUSHION UNIT CARRIER PLATE. WE HAVE ASKED EACH RAILROAD TO PROVIDE INFORMATION CONCERNING THE NUMBER OF CARS FOUND TO REQUIRE CARRIER PLATE REPLACEMENT, AND WE WILL FORWARD PERTINENT DATA TO THE SAFETY BOARD WHEN RECEIVED.

LOG NUMBER: R-0532
RECOMMENDATION NUMBER: R-85-087
DATE OF ISSUE: Aug-12-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: AMERICAN SHORT LINE RAILROAD ASSOCIATION
DATE OF RESPONSE: 8/30/85 DATE OF NTSB FOLLOWUP LTR: 1/14/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE AMERICAN SHORT LINE RAILROAD ASSOCIATION: URGE ITS MEMBERSHIP TO INSPECT PROMPTLY ALL CUSHION UNDERFRAME FREIGHT CARS WHICH HAVE HAD ORIGINAL EQUIPMENT PULLMAN STANDARD, INC., CUSHION UNDERFRAME UNITS REPLACED WITH JOY MANUFACTURING COMPANY CUSHION UNDERFRAME UNITS TO DETERMINE WHETHER CARRIER PLATES ARE FITTED WHICH ELIMINATE ANY GAP BETWEEN THE CARRIER PLATE AND THE FIXED DRAFT STOPS AND TO INSTALL LONGER PLATES WHERE NECESSARY. PROVIDE THE SAFETY BOARD A REPORT OF THE NUMBER OF CUSHION UNDERFRAMES FREIGHT CARS FOUND BY EACH MEMBER RAILROAD TO REQUIRE LONGER CARRIER PLATES AND AN ESTIMATED COMPLETION TIME FOR REPLACEMENT.

RESPONSE:

YOUR SAFETY RECOMMENDATION R-85-57, DATED AUGUST 12, 1985 WAS CIRCULATED TO OUR MEMBERSHIP ON AUGUST 19, 1985 (COPY ATTACHED).

LOG NUMBER: R-0535
RECOMMENDATION NUMBER: R-85-103
DATE OF ISSUE: Nov-13-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: SEABOARD SYSTEM RAILROAD
DATE OF RESPONSE: 12/11/85 DATE OF NTSB FOLLOWUP LTR: 3/28/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SEABOARD SYSTEM RAILROAD: REVIEW AND UPGRADE, AS NECESSARY, TRAIN RADIO COMMUNICATIONS CAPABILITY TO BETTER ENSURE THE SAFE DISPATCHING OF TRAINS, PARTICULARLY IN TERRITORIES WHERE TRAINS ARE DISPATCHED BY MANUAL BLOCK RULES.

RESPONSE:

SEABOARD LTR: AS ALLUDED TO ON PAGE 6 OF YOUR REPORT, RADIO COMMUNICATION CAPABILITY WAS NOT A FACTOR IN THESE ACCIDENTS. ALSO, YOUR REPORT INDICATED CONCERN THAT INADEQUATE RADIO COMMUNICATIONS BETWEEN DISPATCHERS AND TRAIN CREWMEMBERS TO THE DETRIMENT OF SAFETY. THIS MANUAL BLOCK SYSTEM IS UNDER CONTROL OF THE OPERATOR AT "FC" FLORENCE UNDER THE DIRECTION OF THE TRAIN DISPATCHER.

LOG NUMBER: R-0535
RECOMMENDATION NUMBER: R-85-104
DATE OF ISSUE: Nov-13-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: SEABOARD SYSTEM RAILROAD
DATE OF RESPONSE: 12/11/85 DATE OF NTSB FOLLOWUP LTR: 3/28/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE SEABOARD SYSTEM RAILROAD: PROVIDE FORMALIZED AND DEFINITIVE TRAINING TO TRAIN CREWMEMBERS REGARDING INSPECTION PRACTICES FOR ASSEMBLING

RESPONSE:

SEABOARD LTR: SEABOARD SYSTEM RAILROAD'S OPERATION RULE "B" STATES THAT EMPLOYEES MUST BE CONVERSANT WITH AND OBEY THE RULES. OPERATING RULE 110-A INFORMS TRAIN CREWS WHAT IS TO

TRAINS AT DESIGNATED INITIAL TERMINALS AS WELL AS AT OTHER NORMALLY DESIGNATED INITIAL TERMINALS TO ENSURE THAT PROPER INSPECTIONS OF TRAIN EQUIPMENT AND AIRBRAKE SYSTEMS ARE MADE.

BE LOOKED FOR DURING SUCH INSPECTION, WHILE OUR 1200 RULES INFORMS THE PROCEDURES FOR TESTING THE BRAKES. OPERATING RULE B FURTHER REQUIRES EMPLOYEES TO ASK PROPER OFFICER FOR AN EXPLANATION IF IN DOUBT AS TO THE MEANING OF ANY RULE OR SPECIAL INSTRUCTION. IN ADDITION TO THESE RULES, WHICH WE FEEL ARE SELF-EXPLANATORY, THE SEABOARD SYSTEM RAILROAD: 1) FURNISHED EVERY TRAIN AND ENGINE SERVICE EMPLOYEE A HAND-OUT STUDY GUIDE PRIOR TO THE 1984 SEABOARD SYSTEM RULES BOOK. (PLEASE REFER TO RULE 110-A ON PAGE 7 OF THIS HANDOUT, WHICH IS ENCLOSED. THIS CALLED ATTENTION TO TRAIN AND ENGINE SERVICE CREWS TO INSPECTING CARS WHERE NO CAR INSPECTOR IS ON DUTY.) 2) PROVIDED A SLIDE PRESENTATION ON THE SUBJECT OF INSPECTING CARS AT THESE LOCATIONS AND THE PROPER METHOD FOR MAKING BRAKE TEST. (PLEASE REFER TO THE ENCLOSED LETTER FROM OUR EXECUTIVE VICE PRESIDENT-OPERATIONS DATED SEPTEMBER 10, 1982. YOU WILL NOTE THAT EACH DIVISION WAS FURNISHED THIS SLIDE PRESENTATION FOR VIEWING BY OUR TRAIN CREWS.) 3) INCLUDED RULE 110-A IN THE 1985 TRAIN AND ENGINE SERVICE CRAFTS' PROGRAM, COVERING IN DETAIL. (APPROPRIATE PAGES FROM THIS CRAFTS' PROGRAM ARE INCLUDED. PLEASE NOTE THAT, IN ADDITION TO COVERING THE RULE ITSELF, IT WAS FOLLOWED BY A 'COMMENT' TO FURTHER ENHANCE ITS IMPORTANCE.)

LOG NUMBER: R-0536
RECOMMENDATION NUMBER: R-85-105
DATE OF ISSUE: Nov-13-1985
NTSB STATUS: OPEN - UNACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: RSPA
DATE OF RESPONSE: 3/20/86 DATE OF NTSB FOLLOWUP LTR: 6/24/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION: REQUIRE THAT ALL TANK CAR SHIPMENTS OF HAZARDOUS MATERIALS WITH AN ISOLATION RADIUS OF ONE-HALF MILE OR MORE, AS RECOMMENDED BY THE U.S. DEPARTMENT OF TRANSPORTATION EMERGENCY RESPONSE GUIDEBOOK, BE TRANSPORTED IN TANK CARS EQUIPPED WITH HEAD SHIELD OR FULL TANK HEAD PROTECTION.

RESPONSE:

RSPA SHARES THE BELIEF OF NTSB THAT HEAD PROTECTION MIGHT BE BENEFICIAL FOR TANK CARS CARRYING A BROADER CLASS OF HAZARDOUS MATERIALS. THE FRA IS CURRENTLY CONDUCTING A RESEARCH PROGRAM ON TANK CAR HEAD PROTECTION. RSPA INTENDS TO REVIEW THE RESULTS OF THAT EFFORT AND, IF APPROPRIATE, WILL INITIATE RULEMAKING AT THAT TIME. RSPA CANNOT AGREE WITH TWO ASPECTS OF THIS RECOMMENDATION, HOWEVER. FIRST, THE SUPPORTING ANALYSIS FOR DOCKET HM-175 SHOWED THAT FOR MOST COMMODITIES, HEAD PROTECTION RETROFITTING ON EXISTING CARS HAD A HIGHLY UNFAVORABLE COST-BENEFIT RATIO. AS AN EXAMPLE, THE PROPOSED CRITERION WOULD RESULT IN HEAD PROTECTION BEING REQUIRED FOR TANK CARS CARRYING COMMODITIES WHICH POSE A RELATIVELY LOW HAZARD, SUCH AS COMBUSTIBLE LIQUIDS AND PAINTS. THEREFORE, ANY RULEMAKING THAT WE INITIATE IS NOT LIKELY TO INVOLVE A RETROFIT OF EXISTING TANK CARS CARRYING THOSE COMMODITIES. SECOND, AND MORE FUNDAMENTALLY, WE BELIEVE THAT THE PROPOSED USE OF A HALF MILE ISOLATION RADIUS IS AN INAPPROPRIATE CRITERION FOR REQUIRING HEAD PROTECTION. THE RECOMMENDED HALF MILE ISOLATION RADIUS IN THE 1984 EMERGENCY RESPONSE GUIDEBOOK (DOT P5800.3) IS INTENDED TO PROTECT PEOPLE FROM POTENTIAL FRAGMENTATION HAZARDS IF A TANK CAR OR CARGO TANK IS INVOLVED IN A FIRE. THE PRESENCE OF HEAD PROTECTION WILL NOT PROVIDE ANY SIGNIFICANT REDUCTIONS IN THESE FRAGMENTATION HAZARDS. INDEED, IN SOME RARE ACCIDENTS, A TANK CAR WITH HEAD PROTECTION MAY BE MORE LIKELY TO VIOLENTLY RUPTURE THAN A CAR WITHOUT HEAD PROTECTION.

SPECIAL STUDY NUMBER: SIR-85-03
DATE OF STUDY/ACCIDENT: Dec-31-1984
ACCIDENT CITY: NORTH LITTLE ROCK
ACCIDENT STATE: AR

RECNO ABSTRACT

R-85-049 ABOUT 4:45 A.M., C.S.T., DECEMBER 31, 1984, A SWITCHMAN
R-85-050 DISCOVERED ETHYLENE OXIDE LEAKING FROM A TANK CAR AT THE

R-85-099
R-85-100
R-85-101

MISSOURI PACIFIC RAILROAD COMPANY'S (MOPAC) AUTOMATIC RETARDER CLASSIFICATION RAILROAD YARD AT NORTH LITTLE ROCK, ARKANSAS. RAILROAD OFFICIALS, FEARING AN EXPLOSION, EVACUATED THE YARD AND FORMULATED PLANS TO TRANSFER THE REMAINING ETHYLENE OXIDE TO AN EMPTY RAIL TANK CAR. AT 3:15 P.M., IN ANTICIPATION OF THE ARRIVAL OF THE EQUIPMENT TO TRANSFER THE ETHYLENE OXIDE AND CONCERN ABOUT THE TANK CAR ROCKETING SHOULD IGNITION OCCUR, THE EVACUATION WAS EXPANDED TO INCLUDE AN ESTIMATED 2,500 PERSONS WITHIN A 1-MILE RADIUS OF THE LEAKING CAR. ALL RAIL AND HIGHWAY TRAFFIC WITHIN THE EVACUATED AREA WAS STOPPED WITH THE EXCEPTION OF TRAFFIC USING ROUTE 67-167 LOCATED IN THE EXTREME NORTHWEST QUADRANT OF THE EVACUATED AREA. AFTER THE TRANSFER, THE RESIDUAL ETHYLENE OXIDE WAS PURGED FROM THE TANK CAR WITH NITROGEN, AND THE EVACUATION WAS TERMINATED AT 11:25 A.M., JANUARY 1, 1985. THERE WERE NO INJURIES OR FIRE.

LOG NUMBER: R-0508A
RECOMMENDATION NUMBER: R-85-049
DATE OF ISSUE: Sep-26-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: MISSOURI PACIFIC RAILROAD COMPANY (UP)
DATE OF RESPONSE: 7/30/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE MISSOURI PACIFIC RAILROAD COMPANY: DEVELOP, IN COOPERATION WITH THE COMMUNITIES ADJACENT TO ITS RAILROAD YARDS THAT HANDLE BULK SHIPMENT OF HAZARDOUS MATERIALS, A MASTER RAILROAD YARD EMERGENCY RESPONSE GUIDELINE FOR USE BY RAILROAD YARD PERSONNEL AND THE COMMUNITIES, AND ASSIST THE COMMUNITIES IN THE DEVELOPMENT OF EFFECTIVE PROCEDURES FOR RESPONDING TO RELEASES OF HAZARDOUS MATERIALS WITHIN ITS RAILROAD YARDS. THE PROCEDURES SHOULD ADDRESS, AT A MINIMUM, INITIAL NOTIFICATION, IDENTIFICATION OF KEY CONTACT PERSONNEL, RESPONSE ACTIONS FOR THE SAFE HANDLING OF RELEASES OF THE VARIOUS TYPES OF HAZARDOUS MATERIALS TRANSPORTED, IDENTIFICATION OF THE RESOURCES PROVIDED, ACTIONS TO BE TAKEN BY THE RAILROAD AND THE COMMUNITY, AND EMERGENCY DRILLS AND EXERCISES.

RESPONSE:

MP HAS YET TO RESPOND TO THESE RECOMMENDATIONS. BY THE TIME THIS LETTER IS SIGNED IT WILL HAVE BEEN AT LEAST 10 MONTHS SINCE THE RECOMMENDATIONS WERE ISSUED.

DATE OF RESPONSE: 8/29/86 DATE OF NTSB FULLOWUP LTR: 11/17/86

AN "EMERGENCY RESPONSE PROCEDURE" IS IN THE FINAL DRAFT STAGE. THIS PROCEDURE IS DESIGNED TO PROMOTE A NEAR UNIFORM RESPONSE AS POSSIBLE BY THE RAILROAD AT ALL OUR YARDS. THIS PROCEDURE WILL BE DISTRIBUTED FOR IMPLEMENTATION IN THE VERY NEAR FUTURE. THE DATE IS DEPENDENT ON COMMENTS RECEIVED FROM ONE YARD THAT IS IMPLEMENTING THIS PROCEDURE IN ORDER TO VALIDATE THE PROCEDURE. INDICATIONS ARE THAT ONLY MINOR REVISIONS WILL BE NECESSARY TO THE PROCEDURE. ENCLOSED IS A COPY OF THE DRAFT OF UNION PACIFIC'S "EMERGENCY RESPONSE PROCEDURE." AS SOON AS THIS IS FINALIZED, A FINAL COPY WILL BE SENT FOR YOUR INFORMATION. THIS (IMPLEMENTATION OF R-85-50) IS AWAITING FINALIZATION OF THE "EMERGENCY RESPONSE PROCEDURE" DESCRIBED ABOVE. HOWEVER, IT IS ANTICIPATED THAT THIS ACTIVITY WILL BEGIN FOR ALL YARDS ON THE SYSTEM WITHIN THE NEXT MONTH. IN CONCLUSION, I WANT TO EMPHASIZE THAT THE UNION PACIFIC BELIEVES THAT THE SAFETY OF OUR EMPLOYEES AS WELL AS THE GENERAL PUBLIC IS OUR NUMBER ONE PRIORITY. WE HAVE DRAMATICALLY STEPPED UP OUR OPERATING DEPARTMENT SAFETY PROGRAM AND HAVE COMMITTED THE NECESSARY HUMAN AND FINANCIAL RESOURCES TO THIS END. WE DO NOT CONDONE RULE VIOLATIONS NOR DO WE APPROVE OF TAKING SHORT CUTS AT THE EXPENSE OF SAFETY. WE PLAN TO CONTINUE TO AGGRESSIVELY PURSUE THIS COURSE OF ACTION.

LOG NUMBER: R-0508A
RECOMMENDATION NUMBER: R-85-050
DATE OF ISSUE: Sep-26-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: MISSOURI PACIFIC RAILROAD COMPANY (UP)
DATE OF RESPONSE: 7/30/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE MISSOURI PACIFIC RAILROAD COMPANY: USING ITS MASTER RAILROAD YARD EMERGENCY RESPONSE GUIDELINE AND IN COORDINATION WITH COMMUNITIES ADJACENT TO ITS RAILROAD YARDS, DEVELOP LOCAL EMERGENCY AND RESPONSE PLANS APPROPRIATE TO THE HAZARDS ATTENDING THE CONDITIONS AND OPERATIONS WITHIN EACH OF ITS RAILROAD YARDS.

RESPONSE:

MP HAS YET TO RESPOND TO THESE RECOMMENDATIONS. BY THE TIME THIS LETTER IS SIGNED IT WILL HAVE BEEN AT LEAST 10 MONTHS SINCE THE RECOMMENDATIONS WERE ISSUED.

DATE OF RESPONSE: 8/29/86 DATE OF NTSB FOLLOWUP LTR: 11/17/86

AN 'EMERGENCY RESPONSE PROCEDURE' IS IN THE FINAL DRAFT STAGE. THIS PROCEDURE IS DESIGNED TO PROMOTE A NEAR UNIFORM RESPONSE AS POSSIBLE BY THE RAILROAD AT ALL OUR YARDS. THIS PROCEDURE WILL BE DISTRIBUTED FOR IMPLEMENTATION IN THE VERY NEAR FUTURE. THE DATE IS DEPENDENT ON COMMENTS RECEIVED FROM ONE YARD THAT IS IMPLEMENTING THIS PROCEDURE IN ORDER TO VALIDATE THE PROCEDURE. INDICATIONS ARE THAT ONLY MINOR REVISIONS WILL BE NECESSARY TO THE PROCEDURE. ENCLOSED IS A COPY OF THE DRAFT OF UNION PACIFIC'S 'EMERGENCY RESPONSE PROCEDURE.' AS SOON AS THIS IS FINALIZED, A FINAL COPY WILL BE SENT FOR YOUR INFORMATION. THIS IMPLEMENTATION OF R-85-50J IS AWAITING FINALIZATION OF THE 'EMERGENCY RESPONSE PROCEDURE' DESCRIBED ABOVE. HOWEVER, IT IS ANTICIPATED THAT THIS ACTIVITY WILL BEGIN FOR ALL YARDS ON THE SYSTEM WITHIN THE NEXT MONTH. IN CONCLUSION, I WANT TO EMPHASIZE THAT THE UNION PACIFIC BELIEVES THAT THE SAFETY OF OUR EMPLOYEES AS WELL AS THE GENERAL PUBLIC IS OUR NUMBER ONE PRIORITY. WE HAVE DRAMATICALLY STEPPED UP OUR OPERATING DEPARTMENT SAFETY PROGRAM AND HAVE COMMITTED THE NECESSARY HUMAN AND FINANCIAL RESOURCES TO THIS END. WE DO NOT CONDONE RULE VIOLATIONS NOR DO WE APPROVE OF TAKING SHORT CUTS AT THE EXPENSE OF SAFETY. WE PLAN TO CONTINUE TO AGGRESSIVELY PURSUE THIS COURSE OF ACTION.

LOG NUMBER: R-0508C
RECOMMENDATION NUMBER: R-85-099
DATE OF ISSUE: Sep-26-1985
NTSB STATUS: OPEN - ACCEPTABLE ACTION
CLOSEOUT DATE:

ADDRESSEE: FRA
DATE OF RESPONSE: 2/18/86 DATE OF NTSB FOLLOWUP LTR: 4/03/86

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE FEDERAL RAILROAD ADMINISTRATION: INSTITUTE AN INSPECTION PROGRAM TO VERIFY THAT TANK CARS INTENDED TO BE USED IN HAZARDOUS MATERIALS SERVICE ARE MANUFACTURED IN COMPLIANCE WITH DEPARTMENT OF TRANSPORTATION STANDARDS.

RESPONSE:

THE FEDERAL RAILROAD ADMINISTRATION AGREES WITH THE NATIONAL TRANSPORTATION SAFETY BOARD THAT AT LEAST A REPRESENTATIVE SAMPLE OF TANK CARS SHOULD BE INSPECTED AS THEY ARE MANUFACTURED TO ASSURE THAT THE MANUFACTURER IS COMPLYING WITH DEPARTMENT OF TRANSPORTATION REGULATIONS. FRA BELIEVES THAT INSPECTIONS OF MODIFIED OR REPAIRED TANK CARS SHOULD ALSO BE CONDUCTED AND THAT THE PROCEDURES OF THE ASSOCIATION OF AMERICAN RAILROADS TANK CAR COMMITTEE SHOULD BE REVIEWED. THE FRA IS CURRENTLY WORKING WITH THE RESEARCH AND SPECIAL PROGRAMS ADMINISTRATION OF A PLAN TO ADDRESS THESE ISSUES. WHEN THE PLAN IS FINALIZED, I WILL PROVIDE YOU WITH A COPY.

LOG NUMBER: R-0508D
RECOMMENDATION NUMBER: R-85-100
DATE OF ISSUE: Sep-26-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: ARKANSAS, CITY OF NORTH LITTLE ROCK
DATE OF RESPONSE: DATE OF NTSB FOLLOWUP LTR: 3/11/87

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE CITY OF NORTH LITTLE ROCK, ARKANSAS: DEVELOP, IN COOPERATION WITH THE ARKANSAS OFFICE OF EMERGENCY SERVICES AND THE MISSOURI PACIFIC RAILROAD COMPANY, AN EMERGENCY RESPONSE PLAN FOR RESPONDING TO RELEASES OF HAZARDOUS MATERIALS WITHIN RAILROAD YARDS. THE PLAN SHOULD ADDRESS, AT A MINIMUM, INITIAL NOTIFICATION; IDENTIFICATION OF KEY CONTACT PERSONNEL, RESPONSE ACTIONS FOR THE SAFE HANDLING OF RELEASES OF THE VARIOUS TYPES OF HAZARDOUS MATERIALS TRANSPORTED, IDENTIFICATION OF THE RESOURCES TO BE PROVIDED, ACTIONS TO BE TAKEN BY THE RAILROAD AND THE CITY, AND EMERGENCY DRILLS AND EXERCISES.

RESPONSE:

LOG NUMBER: R-0508D
RECOMMENDATION NUMBER: R-85-101
DATE OF ISSUE: Sep-26-1985
NTSB STATUS: OPEN - AWAIT REPLY
CLOSEOUT DATE:

ADDRESSEE: ARKANSAS, CITY OF NORTH LITTLE ROCK
DATE OF RESPONSE: DATE OF NTSB FOLLOWUP LTR: 3/11/87

RECOMMENDATION SUBJECT:

THE NTSB RECOMMENDS THAT THE CITY OF NORTH LITTLE ROCK, ARKANSAS: PROVIDE FIRE AND OTHER EMERGENCY RESPONSE PERSONNEL WITH TRAINING, RESPONSE GUIDANCE, AND EQUIPMENT NECESSARY TO DEAL WITH THE RELEASE OF HAZARDOUS MATERIALS WITHIN RAILROAD YARDS.

RESPONSE:

Seven recommendations have been closed with the actions taken determined to be unacceptable (R-77-003 to the FRA, R-78-028 to the Association of American Railroads [AAR], R-78-059 to the Department of Transportation [DOT], R-80-011 to the DOT, R-80-015 to the DOT, R-83-92 to the Chemical Manufacturers Association [CMA], and R-85-023 to the AAR.

Senator Lautenberg. What work specifically do you plan on conducting in this area in F.Y. 88?

Answer. During FY 88, the Safety Board plans to investigate selected railroad accidents wherein the transportation of hazardous materials is involved and, through in-depth assessment, evaluate the performance of present puncture and thermal protection devices. Through these assessments, we will be able to determine the effectiveness of present protective devices and to determine what, if any, modifications should be recommended. Additionally, because of the generally good performance of present protective devices, these investigations will provide an opportunity to determine if other yet unidentified design deficiencies exist.

The Safety Board also will continue to assess the effectiveness of the implementation of the authorities for tank car safety delegated by the Department of Transportation to the Association of American Railroads. Specifically, the Safety Board is concerned about the effect the implementation of these delegated authorities have had upon the crashworthiness of existing tank cars because the Department of Transportation has allowed its implementation without adequate oversight.

RAILROAD SAFETY DATABASE

Senator Lautenberg. Your justification states that one of your management objectives is to "develop and implement a revised railroad accident database to ensure the collection and maintenance of accident data to identify safety trends." The Federal Railroad Administration (FRA) already maintains a rail accident database.

Why do you need to develop a separate database?

Answer. The National Transportation Safety Board has identified several areas where the database of the Federal Railroad Administration (FRA) has shown deficiencies. The FRA database is comprised almost entirely of data furnished to the FRA by the railroads in accordance with 49 CFR 225, Railroad Accidents/Incidents: Reports Classification, and Investigations. The data furnished to the FRA in compliance with 49 CFR 225 is reported directly by the individual railroads, and is largely unchecked by the FRA or any other independent source to verify accuracy. Data in the Safety Board's database, on the other hand, is collected directly by Safety Board investigators, and does not serve any interests other than accuracy in the interest of safety.

Senator Lautenberg. What improvements will your database provide compared to FRA's?

Answer. The Safety Board's database will also include inputs which are not present in the FRA's database. These include human performance factors and the role of those factors in an accident, identification by manufacturer name of failed components which were involved in an accident, and the citing by job description of individuals who had principal roles in an accident. The Safety Board's database, although not comprised of as many accidents/incidents as FRA's database, will contain more verified data for any given accident/incident. This database also should improve the capability of the Safety Board in its oversight role of the FRA.

Questions Submitted by Senator Kasten

CHASE, MARYLAND RAILROAD ACCIDENT

Senator Kasten. Regarding the Chase accident, you point out that problems with radio communications and passenger car safety have been issues you have been highlighting for a number of years. You say progress has been made but more needs to be done. Could you please tell us what in fact has been done in these areas, are the railroads and FRA listening, and what steps do you see being taken in the near future?

Answer. The Safety Board has investigated numerous accidents involving the ineffective use of radio communication devices. This issue has been a source of concern to the Safety Board since the first recommendation was made on this subject in January 1968. Since that time, a total of 54 recommendations have been issued on this topic. Two recent accident investigations being conducted by the Safety Board involve inadequate radio communications. The first was the derailment of Amtrak Train No. 8 on the Soo Line Railroad at Fall River, Wisconsin on October 9, 1986.

The most recent accident occurred near Chase, Maryland on January 4, 1987. It appears that, although the locomotives of the freight train involved in the collision were equipped with permanent radios, they were not functioning at the time of the accident. As an alternative, the engineer of the freight train carried a portable radio with lesser range capability than the permanent radios. How this affected the accident is being thoroughly investigated by the Safety Board. However, in the interim, the Safety Board recommended that Amtrak require that all locomotives entering the high speed passenger trackage of the Northeast Corridor be equipped with an operable radio capable of intertrain communication.

The Federal Railroad Administration (FRA) has begun conducting public hearings on the general topic of radio communications in the railroad industry. The Safety Board intends to pursue the issue of ineffective radio communications in these investigations.

The Chase accident also highlighted the Board's long-standing concern about the important issue of the safety of passenger car interiors. As a result of its accident investigations over the years, the Board has compiled extensive documentation illustrating

that passenger injuries continue to occur as a result of the injury producing features in passenger car interiors. Seat and seat restraint failures, lack of padding covering metallic parts of the seats, and inadequate baggage restraints are some of the specific injury producing features causing concern. The Board repeatedly has urged both industry and the FRA to take the necessary action to enhance the safety of passenger cars. Despite the FRA's assessment that no further action regarding this issue is necessary, the sources of injuries have not been eliminated or controlled and continue to pose a hazard to passengers and employees. Consequently, the Board will continue to pursue improvements in the interior design of passenger cars and issue appropriate recommendations.

ACAS SYSTEM

Senator Kasten. You mention that both the Salt Lake City and Kansas City air accidents bear similarities to the Cerritos accident of last year. Would the ACAS system that has been available for some 15 years have prevented these accidents? If so, what would it take to move the FAA to have these devices installed in your opinion?

Answer. There appears to be a misconception that there has been an ACAS system available. In fact the development of an Airborne Collision Avoidance System (ACAS) began in the mid 1960's and there were at least three different technologies that were being considered and tested. All of these systems required that cooperative equipment be installed in both of the airplanes that were involved in a potential conflict in order for the systems to provide a warning or evasive maneuver command. The three different technologies were being researched by different organizations; that is, the airlines were evaluating one system, the Navy another and the Army the third. None of the technologies was compatible with either of the other. Therefore, the FAA was in the position of determining the practicality of the systems; which offered the best technical approach, whether any of the concepts being considered were compatible with the current air traffic control system and whether any could be produced at a sufficiently reasonable cost for installation in general aviation airplanes. Based upon their evaluations, the FAA would have had to select one technical approach and establish a National Standard for that system. Although the systems were tested in breadboard configurations, only the system developed by Minneapolis Honeywell under contract to the Army progressed to the packaging and production stage. This system was developed for helicopter applications and units were purchased by the Army for installation in their fleet of training helicopters to stop a midair collision problem. In late 1972, the FAA signed an interagency agreement with DOD to procure and flight test the Minneapolis Honeywell system. The system showed promise, but even production projected cost figures showed it to be impractical for a general aviation application. FAA figures showed that the mandatory installation of cooperating equipment in all aircraft would cost industry about $719 million.

The FAA, at the same time, began to evaluate a system which would use beacon replies from transponder equipped airplanes to provide the collision threat indication in the CAS equipped aircraft. This

was the BCAS concept and it was actually an evolution of ACAS. The attraction of BCAS was that protection could be afforded to air carrier aircraft with minimal cost to general aviation aircraft. Although the research for BCAS slowed in the late 1970s while FAA evaluated a ground based system, the BCAS development and evaluation did continue and it was in fact this system that was chosen for implementation by the FAA Administrator in 1981. There was some further evolution of the system and it was renamed TCAS (Traffic Alert and Collision Avoidance System).

In summary, there never was a ACAS system available, except breadboard and limited application packages. The TCAS system, which has just begun testing in line flying operations, is an evolution of early ACAS technology. The Safety Board shares your concern that it has taken so long to develop an acceptable collision avoidance system, but we also recognize that it is a complex problem to provide a system which will give reliable conflict alarms and compatible evasive maneuvers without giving unacceptable nuisance alarms, and at the same time be compatible with the air traffic controllers' role of assuring orderly traffic flow. TCAS, when implemented, should prevent accidents between airplanes equipped with the system and other airplanes equipped with altitude reporting transponders.

NASA AND DOD INVESTIGATIONS

Senator Kasten. Though a new area in which your expertise is definitely of great assistance, does your branching out into the space and rocket area adversely affect your responsibilities in the more traditional areas of your duties?

Answer. It would if done on a regular basis. Last year we provided technical assistance to the NASA after the Challenger tragedy because we shared in the national sentiment to determine the cause of the accident and were convinced that our unique expertise was essential in making such a determination.

Unfortunately, we do not have the resources nor are we staffed such that we can assume this kind of assignment without it adversely affecting our other mission responsibilities. Therefore, we have told the NASA that the only way that we could provide this kind of assistance in the future would be if they will provide several positions and adequate resources to develop and maintain the necessary capability to supplement other existing resources.

In retrospect, it is worth noting as described on page 3 of our budget justification that our participation in the Challenger investigation did provide some of our staff valuable experience in reconstructing large vehicles comprised of some exotic materials, including composite materials.

Questions Submitted by Senator D'Amato

TRANSIT DRUG TESTING

Senator D'Amato. Your statement discusses the involvement of drugs in several recent transit accidents. What has the Board recommended UMTA do to address this problem?

Answer. The Safety Board requested that the DOT's Urban Mass Transportation Administration (UMTA) review the Federal Railroad Administration rules as a guide for developing alcohol and drug regulations appropriate to the rail rapid transit industry. Specifically, the Board recommended on August 13, 1986 that the UMTA:

--Require that all employees involved in a rail rapid transit accident with a fatality, injury, or property damage be tested in a timely manner for alcohol and drugs.

--Require rail rapid transit systems to screen for drug and alcohol abuse all prospective and transferred employees prior to employment in safety-sensitive positions.

--Require rail rapid transit systems to institute procedures and information systems to inform employees of the deleterious effects on work performance of some over-the-counter and prescription drugs on work performance.

--Require the removal of employees from safety-sensitive positions if the rail rapid transit medical department determines that the employees' use of a prescription drug will affect their work performance.

--Encourage the creation of effective employee assistance programs to detect and treat substance abuse among rail rapid transit employees in safety-sensitive positions.

Senator D'Amato. What have been DOT's objections to including transit in its drug testing proposals?

Answer. UMTA responded on January 12, 1987 that it "plans to demonstrate a model drug and alcohol program which will address testing, treatment, education, and discipline, particularly with respect to employees in safety-sensitive positions. The demonstration will also include consideration of legally prescribed drugs."

While the Board agrees that a demonstration project would be a positive first step following regulatory action, this project appears to be the only effort contemplated by UMTA. Further, this demonstration project is still in the planning stage, and there is a question whether, and when, the project will in fact be budgeted and implemented.

The Safety Board believes that more immediate and aggressive measures are needed to eliminate alcohol and drug abuse in transit operations. A demonstration project such as UMTA is contemplating should be undertaken to complement, not be substituted for, the promulgation of effective alcohol and drug regulations.

SUBCOMMITTEE RECESS

Senator D'AMATO. And at this point it is my privilege to adjourn this hearing. The next hearing will be on March 19 with the Federal Highway Administration and the National Highway Traffic Safety Administration.

We stand in recess.

[Whereupon, at 11:40 a.m., Thursday, March 12, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, March 19.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, MARCH 19, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 10:08 a.m., in room SD–138, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg, D'Amato, Cochran, and Harkin.

DEPARTMENT OF TRANSPORTATION

FEDERAL HIGHWAY ADMINISTRATION

STATEMENT OF RAY A. BARNHART, ADMINISTRATOR

ACCOMPANIED BY RICHARD D. MORGAN, EXECUTIVE DIRECTOR

OPENING REMARKS

Senator LAUTENBERG. Good morning. With apologies for a tardy start. The subcommittee will come to order.

This morning we will be hearing from Ray Barnhart, the Federal Highway Administrator. Following his appearance we will be hearing from Diane Steed, the National Highway Traffic Safety Administrator.

People commonly think of the Federal Highway Administration as bricks and mortar and NHTSA as the safety agency. I want to point out, however, that FHA has the very important safety mission of monitoring motor carrier safety through its Bureau of Motor Carrier Safety and disperses billions of dollars for needed infrastructure improvements that are safety related.

The FHWA budget submission was largely predicated on the administration's proposed highway reauthorization bill. That bill has been overtaken, however, by the House and the Senate-passed measures that are quite different than the administration's original proposal.

We will be examining that proposal and the philosophy behind it, especially in regards to the health of the trust fund balances, and what this committee can do regarding the highway obligation ceiling.

Also we are going to be examining FHWA's administration of its safety-related responsibilities in the Bureau of Motor Carrier Safety.

I am particularly concerned when I hear talk that the administration may recommend a veto of the highway bill. I frankly do not understand the position. I find it irresponsible.

There are states out there literally begging for funds, their planning process is in shambles and we risk losing the spring contract letting season if we do not act quickly to get the highway legislation enacted.

Nobody gets everything they want in any piece of legislation. I hope the administration will take a long, hard look at their position and the effect it would have on continued investment in this nation's infrastructure and the potential for idling millions of workers involved directly and indirectly with highway construction.

I assume that everybody saw the article this morning in the paper about the increasing cost of highway construction, how it is accelerating. I think the longer we delay the more expensive these projects become.

The second witness, Diane Steed, will be here to explain, defend and/or sell the administration's funding request for NHTSA.

I am particularly interested in that agency's efforts in the areas of drunk driving prevention, the age 21 bill, the 55-mile-per-hour speed limit, the change that just came about in the highway reauthorization bill regarding the speed limit, and the status of the National Driver Register.

Regardless of the outcome regarding the speed limit and the court suit challenging the 21 drinking age, I believe it is imperative that this agency do everything it can to educate the public on alcohol, speed and restraint systems.

Laws can be passed and punishments threatened, but unless there is an active followup to legislation, unless there is a pro-active agency educating the public and involving community groups, all the laws in the world will not stop reckless behavior.

I am also going to explore the Department's position on using NDR, the National Driver Register, for identifying alcohol and drug abusers in the truck, airline and railroad industries.

Drug testing in transportation is coming. But I am also concerned about people's civil liberties. The NDR should be a source of accurate, reliable information about people who threaten public safety, but it is not.

The NDR could be a preliminary screen for licensing. But it can not be until it meets its baseline functions first.

Rather than take shots in the dark with random drug testing, the NDR could highlight workers with drug or drinking problems, workers like the Conrail engineer who was involved in that early January 1987 accident, who had a record of driving violations.

But the NDR can not be used until it shapes up. And I think it should.

I am pleased to welcome our witnesses today, and I now turn to my distinguished colleague, the ranking minority member of the subcom-

mittee, Senator D'Amato, for any opening remarks he would like to make.

Senator D'AMATO. Thank you, Mr. Chairman. Mr. Chairman, unfortunately, as you know, we have several subcommittee hearings of our Appropriations Committee being held today. Therefore, I am going to ask your indulgence to permit me to submit for the record a number of questions of both administrators.

Senator LAUTENBERG. Without any objection, certainly.

PROPOSED HIGHWAY BILL VETO

Senator D'AMATO. Thank you, Mr. Chairman. Those questions really touch on several issues. I am not even going to submit a question regarding the threatened veto of the highway-transit legislation. I will say for the record I would think that would be in error.

I do believe, notwithstanding, that there may be reasons not to support some of the provisions, reasonable people can disagree. The demonstration projects are a point of contention.

Nevertheless, I do not believe that there is anyone who has been following this issue who could say that we should have a protracted, extended debate, a veto, an attempt to override, possibly new negotiations for an extended period of time, which would impair and jeopardize billions of dollars worth of programs and projects.

IMPACT OF VETO ON NORTHERN STATES

Particularly for those of us in the northern tier of the country, the construction season is upon us. In my own state it would be devastating.

I do not believe that there are going to be the benefits the administration is seeking as a result of a veto, even if they were able to sustain it and come back with some form of compromise. The risk is too great.

MOTOR CARRIER LEGISLATION

I do have some other questions. One is on the Motor Carrier Administration. Senator Hollings has introduced legislation which would create a separate Motor Carrier Administration, and I think there is a very real point that our truckers have raised in regard to this, in regard to safety, and that is one question.

ALCOHOL INCENTIVE GRANTS

I have another question on drug testing, which you have alluded to, and another one having to do with my own state of New York, in particular, as it relates to the alcohol incentive grants, whether or not there is need to bring about a liberalization of the criteria for Federal alcohol incentive grants, inasmuch as 32 of the states can not, have not and probably will not meet that criteria, as it is rather inflexible.

So Mr. Chairman, it is good to see the Administrator here and I submit these questions for the record.

Senator LAUTENBERG. Thank you, Senator D'Amato. With that, Mr. Barnhart, we would be happy to hear your testimony.

MR. BARNHART'S OPENING REMARKS

Mr. BARNHART. Thank you, Senator. With me is Dick Morgan, our Executive Director. We will be happy to respond to whatever questions you have today, and give more thorough written responses later on.

I agree that the Administration's bill has been overtaken by events. I think it is not that pertinent. Because of your press of time, it seems to me that it would be more appropriate for me to submit a written statement for the record, then move on the more immediate responses to some of the questions you have raised.

QUALITY OF FHWA ORGANIZATION

I would like to point out one thing, that people constantly talk about the inflated bureaucracy and all the nameless, faceless bureaucrats that eat up the effective use of the dollars. And as one who has now been here 6 years, perhaps with now some developed biases, but I will tell you that I know of no more efficient governmental operation than the Federal Highway Administration. Not because of my presence, but because of the history of what the institution has been.

I would point out to you that our administrative overhead, not including research, but the basic overhead, amounts to less than 1.4 percent of the program. I am very pleased about that. I want to commend our career people for their good work.

RESERVATIONS CONCERNING H.R. 2

You have asked about the veto, Senator. I agree, in light of the vote yesterday, and the issue of changing the speed limit, or allowing the states to have the flexibility to change that speed limit, I think that in some degree, changes the complexion of the problem and the emotions within the Senate.

I do believe that this is not a good bill for establishing public policy for 5 years, because I think it does damage to the historic relationship we have had where we have had states establishing their priorities, in concert with Federal Highway and to comply with federal standards.

So in that sense I think it is bad policy. I think it is unfair to take some funds that are from essential discretionary categories, such as bridge rehabilitation, and require that those moneys then be taken to fund other projects which would not rise to a point of priority if the states had their own selection process.

At the same time, I recognize that this country, not just the construction industry, but the country as a whole, which relies so heavily on transportation for the productivity that we all pay lip service to, is in critical shape due to the lack of a highway bill.

So I think that factor also has to be looked at when you start talking about a veto. There is no question in my mind that the inclination has been that there would be a veto recommendation.

I think one does have to look at the real world as it exists, and analyze it and then go from there, and I am not prepared at this time to say that I have looked at numbers, counted numbers and seen what the potential is. Beyond that I think I would be better off to say we will have to come to those recommendations shortly.

MOTOR CARRIER SAFETY EFFORT

I know that you have been concerned about the motor carrier safety. I would point out that Federal Highway's whole existence is predicated on safety in providing efficient transportation. Safety is not a new slogan for us. We have been involved in it before it became publicly popular.

I think you will find that Federal Highway is committed to doing all that it can to promote safety, not just of the physical facilities, but those vehicles that are in our charge, and that is the commercial interstate hazardous material vehicles, et cetera.

I know that some elements of the industry have called for a separate Motor Carrier Administration. I still maintain that is unnecessary and unwise.

I think some of those industry folks rationalize and say, well, you have a separate administration for railroads, a separate one for airlines, and we need one because of how vital the trucking industry is to the country.

I say it is important, but I would point out that a separate administration is not an advocacy organization but a regulatory organization. There is a natural home for motor carriers within Federal Highway, because we are so closely tied together in everything that we do.

FHWA ACCOMPLISHMENTS IN MOTOR CARRIER SAFETY

I am preparing a list, Senator, of all of the things we are currently involved in right now with target dates of when we are going to accomplish that, because we are not playing games. I am as serious as all get-out, because I believe there is nothing where this administration has more liability and more exposure than in the motor carrier area.

Certainly we have to come to grips with it. I am confident that we are. I think when you see what our record is, you will see that we are trying effectively to do this thing. But it is going to take time.

And we will get into a lot of states' rights issues, because I think it is imperative that we override what has historically been state prerogatives in some things like the licensing of drivers.

So while I talk about states' rights, I think the states have, in large measure, been irresponsible in this issue, and I am perfectly willing and anxious and have been for several years to try to get the states to cooperate and recognize that federal government has got to be involved in some standards.

When 19 states will issue a license to drive an 18-wheeler, simply on the basis of possessing a private passenger car driver's license, that is not states' rights, that is irresponsible.

With that I would be happy to respond to further questions, Senator.
Senator LAUTENBERG. Thanks very much, Mr. Barnhart.
[The statement follows:]

STATEMENT OF RAY A. BARNHART

It is again a great pleasure to appear before this Committee and to present the F.Y. 1988 Budget Estimate of the Federal Highway Administration. Please allow me to introduce Richard D. Morgan, FHWA's Executive Director, who has also appeared before this Subcommittee many times as a witness.

Essential Highway Reauthorization Amendments of 1987

As you know, our budget is very closely tied to the Administration's highway legislative proposal, which was sent to Congress in early January and was introduced in the Senate as S. 312. At the risk of "preaching to the choir," let me state that highway legislation is urgently needed to avoid further disruption of the highway program, which has been out of new authority since the Surface Transportation Assistance Act, P.L. 97-424, expired more than five months ago. Let me highlight the key elements of our proposal for you:

- The proposal covers a four year authorization period from F.Y. 1987-1990 with the Highway Trust Fund and current user fees extended four years through F.Y. 1992;

- The proposal authorizes an average of $13.639 billion annually for 1987 through 1990 from the Highway account of the Highway Trust Fund, with about $13.387 billion authorized for the Federal-aid Highways account;

- Authorizations are based on estimated user fee receipts, excluding interest, of the Highway Trust Fund. The bill proposes this equality between receipts and payments of the fund to ensure that the legislation is "deficit neutral"; that is, it does not increase or decrease the annual deficit. While this results in lower budget levels than under the STAA, it is consistent with overall

decisions by the President and Congress to take steps necessary to reduce the Federal deficit.

- o User fees would not be increased under this proposal, although virtually all major tax exemptions would be eliminated;

- o The block grant provisions included in this proposal, would significantly increase the flexibility of State and local governments to use highway funds;

- o Flexibility would also be greatly increased by our proposal for combining the Federal-aid primary, Interstate Reconstruction (4R), and the Interstate Construction programs into a single combined program authorized at $8.160 billion;

- o The bill would continue substantial authority for reconstruction of bridges on the primary system;

- o Hazard elimination and railroad-highway crossings would be retained as separate categories to continue safety emphases and;

- o A Strategic Highway Research Program (SHRP) would increase the efficiency and effectiveness of the highway program by promoting research which focuses on six critical needs;

Of course, all of us with responsibility for the highway program are frustrated and disappointed by the lack of authorizing legislation. I have first hand knowledge of the problems being encountered by the States and highway users who continue to pay into the trust fund with no return on their investment being realized. We are also aware of and empathize with the thousands of employees and contractors who now may be out of work as project funds

continue to "dry up". While I applaud the rapidity of both the House and Senate in the passage of H.R. 2 and S. 387 respectively, I must express my opposition to controversial and costly special interest provisions and projects in the bills, and express my support for the Administration's highway bill, introduced in the Senate as S. 312.

F.Y. 1986 Accomplishments

I would like to mention a few of the F.Y. 1986 accomplishments which we consider noteworthy;

o Program Level

Obligations for "Federal-aid Highways" in 1986 exceeded $14.2 billion, surpassing 1985, the previous record year, by about $145 million;

o Interstate System

An additional 191 miles were put into service and another 108 miles were put under contract, leaving only about 500 miles to be completed.

o Interstate 4R

Resurfacing, restoration, rehabilitation, and reconstruction projects were again emphasized--obligations for these activities exceeded $2.2 billion;

o Bridge Replacement and Rehabilitation

In the Highway Bridge and Rehabilitation program, obligations were almost $1.7 billion in F.Y. 1986.

o Highway Safety

Approximately $360 million was obligated for the various safety construction programs.

o FHWA Disadvantaged Business Enterprise

Prime contracts awarded and subcontracts committed to disadvantaged businesses were $1.344 billion. A total of

$333 million in prime contracts were awarded and subcontracts were committed to firms owned and/or controlled by women.

o Cost Avoidance Reduction and Efficiency

FHWA, as part of its management improvement efforts, continues to emphasize the implementation of a cost avoidance reduction and efficiency program (CARE). This program, which was initiated in F.Y. 1981, has produced very positive results. Most particularly, in FY 1986, value engineering workshops promoted by FHWA in addition to our alternate bridge design efforts produced significant cost avoidance and productivity savings in highway construction projects.

Summary of the Budget

Our F.Y. 1988 Budget Request is based on the Highway Reauthorization proposal and the Administration's overall budget strategy of controlling Federal spending to meet deficit targets. I will now highlight a few key elements:

Key-Elements

Program Levels

The program level or obligations are the most meaningful indicator of budget activity. We anticipate total obligations of about $13.496 billion which includes $13.387 billion for the Federal-aid Highways account, $10 million for Highway-Related Safety Grants, almost $25 million for Motor Carrier Safety operations, $50 million for the Motor Carrier Safety Assistance program, and about $25 million from carryover funds.

o Federal-aid Highways

This account encompasses our principal programs which provide the basic foundation of the Federal Government's efforts to assist States and localities in developing and improving the Federal-aid highway systems.

For F.Y. 1988, we are proposing an obligation limitation of $12.787 billion, with Emergency Relief and Minimum Apportionment exempt from this limitation. This compares with the currently enacted F.Y. 1987 limitation of $13.0 billion. Our proposal includes estimated total obligations of $13.387 billion in 1988. For F.Y. 1987, our budget reflects an obligation level of $11.8 billion, based largely on the uncertainty regarding the timing of enactment of reauthorization legislation.

The obligation limitation is based on assumed additional revenue from repeal of certain fuel tax exemptions we proposed in our highway legislation. If the exemptions are not repealed, the Federal-Aid Highways limitation should be reduced by $612 million.

The general provisions, in many cases, are similar to those contained in the F.Y. 1987 Appropriations Act. Specifically, the distribution of the obligation limitation would be based on a formula using both apportionments and allocations; there would be a redistribution of unobligated limitation after August 1, 1988, with priority given to States having large unobligated balances of apportioned funds and to States which have experienced substantial proportional reductions in their apportionments because of certain statutory changes; there would be a first quarter control on F.Y. 1988, with no State obligating more than 35 percent of its share of the limitation and the collective obligations by all States could not exceed 25 percent of the total obligation limitation; a provision excluding from the State-by-State distribution funds for administrative expenses, Federal lands highways programs, the highway block grant program, and the Strategic Highway Research Program; and a provision which would adjust the obligation limitation up or down in keeping with our deficit-neutral philosophy, if the projected Highway Trust Fund receipts changed this summer during mid-session review of the F.Y. 1988 budget.

A liquidating cash appropriation in the amount of $13.4 billion is requested for F.Y. 1988.

o Motor Carrier Safety Operations

Our request for the day-to-day operations of the Motor Carrier Safety Program is $24.744 million. This represents an increase of $4.421 million over the F.Y. 1987 level assuming supplemental increases for the January 1987 pay act and FERS (Federal Employees Retirement System). Our request provides for the first full year of operation with the recent addition of 150 safety specialists. The increased staff will complement the FHWA's development of a more effective Motor Carrier Safety Program which identifies problem carriers and increases safety compliance. Program activities will concentrate on high risk motor carrier operations, including those engaged in the transportation of hazardous materials, and in training State enforcement agencies in motor vehicle safety componentry and hazardous cargo standards. We are also proposing to finance this account from the Highway Trust Fund in F.Y. 1988.

Funding increases are requested for full-year financing of the new safety personnel, contract research, program travel, computer contract support, and equipment for the new employees.

o General Operating Expenses (GOE)

This account controls spending for virtually all of the salaries, expenses, and research and development programs of the FHWA. Our request for F.Y. 1988 is $220.140 million compared to $205.982 million in F.Y. 1987 assuming F.Y. 1987 increases for the January 1987 pay acts and FERS are enacted.

As always, the change from one year to another is the result of numerous "gives and takes". The adjustments to base and built-in changes, which amount to $11.125 million, include increased personnel costs for merit pay, increased SLUC payments to the General Services Administration, general

inflation, and annualization of the recent pay act and FERS contribution. The GOE program changes, which amount to $3.033 million, reflect various program decisions and priorities consistent with the legislative program and on-going organizational goals. Of particular significance, we are proposing to eliminate separate funding for the Highway Safety Research and Development account and propose to fund it directly within this limitation. There is no need for a separate Highway Safety R&D appropriation because the statutory authority governing highway research programs in general addresses the same purposes. This change will not alter the funding allocations for Highway Safety Research and Development or Research and Development Highways categories, and the funding is about the same level requested for FY 1987.

o Other Details

There are a few other F.Y. 1988 budget details which I have not yet mentioned but which are noteworthy and I would like to discuss them briefly at this point.

o Motor Carrier Safety Grants

The Commercial Motor Vehicle Safety Act of 1986, P.L. 99-570, provided a total of $50 million in contract authority for both fiscal years 1987 and 1988 including $45 million for Motor Carrier Safety Grants after a $5 million takedown for our commercial driver's license implementation effort recently undertaken. Our budget proposal is to obligate the full authorization amounts. A liquidating cash appropriation of $50.0 million is requested for F.Y. 1988.

o Highway-Related Safety Grants

Our legislative proposal requests contract authority in the amount of $10.0 million for F.Y. 1988. Our F.Y. 1988 budget proposal is to utilize the entire amount. A liquidating cash appropriation of $10.0 million is requested.

o Right-of-Way Revolving Fund

As part of the Administration's overall effort to assure prudent management of Federal credit programs, a limitation of $47.85 million on gross obligations is proposed for F.Y. 1988, consistent with the 1987 enacted level. Under the legislative proposal, a State would pay interest on non-Interstate advances.

Supplementals

For Motor Carrier Safety Grants, the budget includes an F.Y. 1987 supplemental appropriation request for liquidating cash of $35.0 million, to pay bills associated with the "Commercial Motor Vehicle Safety Act of 1986" of which $16.269 million would be derived from budget authority provided in F.Y. 1987. Also, supplementals to provide for the Federal employee pay raise which became effective in January 1987 are requested for General Operating Expenses ($1.299 million) and Motor Carrier Safety ($147 thousand). Supplementals to provide for the FHWA contribution to the new FERS system for General Operating Expenses ($1.933 million) and Motor Carrier Safety ($661 thousand) are also requested.

Conclusion

We will be happy to discuss the estimates in detail, answer your questions, and provide additional information that may be helpful to the Committee in reaching its decision on our budget.

POSITION ON H.R. 2

Senator LAUTENBERG. I am not sure exactly where you came out, after your explanation of the pros and cons of the legislation. I would ask you, just for clarification purposes, are you or are you not going to recommend to Secretary Dole the veto of the conference compromise?

Now I heard you say you want to look at it, and so forth. Mr. Barnhart, I have great respect for you as an agency administrator. You have been looking at this for some time, and there are questions here that have been around for a while now.

Can you not give us a little better idea of where you come out on this in terms of the possible veto recommendation or not?

PREFERENCE FOR SENATE-REPORTED BILL

Mr. BARNHART. Senator, I think the original bill that was reported out by the Senate a few weeks ago is a much more desirable piece of legislation than that which is subject to both now.

I have said that I think in principle this conference report is bad public policy. I do not like it. If that were the only issue I would say, veto it on its merits.

But I think you have to look at the real world as well. And as Senator D'Amato said, what is plan B, what can you hope to accomplish in our political process, if that is to occur.

I am just going to have to beg off, and I will acknowledge that I am begging off and copping out on this, Senator.

SENATOR LAUTENBERG'S SUPPORT FOR H.R. 2

Senator LAUTENBERG. We do not have to make the argument, or spend time on the argument here about what is good public policy or what is not good public policy. We now have a bill in front of us.

Does the Department believe that a veto is in anybody's best interest? Do you see a place that it really helps more than it might possibly hurt?

I mean this is something that we have been waiting for for a long time. We negotiated hard, and had at times very acrimonious moments, and we have something in front of us that states across this country are waiting for. I can not imagine that ever in our lifetimes, Mr. Barnhart, that we will see the perfect piece of legislation.

Mr. BARNHART. Yes, sir; I understand that.

Senator LAUTENBERG. We are given a limited number of choices at this point. It is yea or nay. If it is no, that means that we will start this process all over again someday. It will not be back here between now and the end of this fiscal year.

What can you see as the possible advantage, after having explained your view of the veto?

Mr. BARNHART. I am not sure that I know how this bill would be ultimately improved if the conference went back into session, what additional gain can be made. I am not sure what can be accomplished, Senator.

That is why I say I have got to get with the administration, with the Secretary, and to weigh all these things because it is a critical thing and great damage—we have people out there who very well could go down if they do not get some relief soon.

POSSIBILITY OF ALTERNATIVE BILL

So one of the factors is, when could an alternative program be evolved? If it means months, there would be great damage that would result. And would that be less damaging than what we believe is poor public policy? That is what we are going to have to evaluate, Senator, and I just have not got that done.

Senator LAUTENBERG. But it is obviously not going to be done in weeks, and I guess, Mr. Barnhart, where we come out is that you are going to have to wait for the decision to work its way from the top down. This has been an arduous task, grinding it out.

I do not agree with a lot of things in that bill. I did not support, as a matter of fact I vigorously opposed, the increase in the speed limit. I think it is a terrible idea.

Here we are on the verge of the energy crisis staring us in the face, prices going up on oil. It is very obvious it will not be too long before we have the opportunity to once again line up at the gasoline pump.

But that is the way it is. Before us is the consensus view of both Houses.

We are faced with the task of getting our highway program back to work, getting funds to the states which are anxiously awaiting the resource to do the job. I would hope that you would rethink this thing and say, look, as the Highway Administrator, I have a principle function and that you as a responsible individual and as a member of the government, will work for a better policy.

But you also have a very serious responsibility to keep the program going, and not at all costs or at any cost, but sometimes with a differing view than you personally have. I would urge you to——

Mr. BARNHART. The recommendation on that will not be lightly taken or given.

LEVEL OF OBLIGATIONS THE TRUST FUND COULD SUSTAIN

Senator LAUTENBERG. The committee is always concerned with setting the obligations to strike a balance between the trust fund income and outlays. Has the Federal Highway estimated the obligation ceiling, what could be sustained, without the Highway Trust Fund going into the hole?

Mr. BARNHART. Yes.

Mr. MORGAN. We had recommended an obligation ceiling equal to the authorization level, about $12.8 billion in the administration proposal.

Mr. BARNHART. That was based on dollars in and out.

Senator LAUTENBERG. But that is without including the interest income?

Mr. MORGAN. Yes, sir.

Senator LAUTENBERG. That is over a billion dollars. I would think that that ought to be available. But you are not including that?

Mr. BARNHART. No, sir.

Senator LAUTENBERG. Has the Federal Highway Administration canvassed states to find out what they could obligate absent a ceiling?

Mr. MORGAN. No, sir; we have not.

Senator LAUTENBERG. I wonder if you could give us a listing by state and program the amounts of unobligated funds available.

Mr. BARNHART. Yes, sir.

[The information follows:]

U. S. DEPARTMENT OF TRANSPORTATION
FEDERAL HIGHWAY ADMINISTRATION
UNOBLIGATED BALANCES OF MAJOR FUNDS
AS OF FEBRUARY 28, 1987

LF01N66A

PAD-0619-1286N

(THOUSANDS OF DOLLARS)

STATE	INTERSTATE	INTERSTATE DISCRETIONARY	INTERSTATE 4R	CONSOLIDATED PRIMARY	RURAL SECONDARY	URBAN SYSTEM	BRIDGE REPLACEMENT	NPR
ALABAMA	66,362		960	426	83	488	1,285	
ALASKA	3,389		4,048	19,043	1,961	9,397	9,095	20
ARIZONA	254	34,371	28,840	18,376	12,644	3,698	5,337	
ARKANSAS	2,416		22,502	313	242	3	1,005	60
CALIFORNIA	848		236,958	646	20,989	54,275	3,836	13
COLORADO	33,516		14,996	842	2,463	8,525	3,672	5
CONNECTICUT			622	44	293	14,955	12,294	100
DELAWARE	5,408		8,055	14,103	1,249	2,705	448	
FLORIDA	217	457	24,666	9,014	777	23,605	1,968	1,540
GEORGIA				6,998	4,045	4,027	4,763	3,384
HAWAII	85,735		8,230		8	2,765	2,279	
IDAHO	16,726		4,377	103	10	227	202	10
ILLINOIS	649	824	506	2,874	2,031	14,922	713	1,835
INDIANA	647		1,939	428	10,802	4,832	12,134	173
IOWA	13,595		276	2,175	3,144	6,931	3,680	1,259
KANSAS	1,720	19,792	8,742	663	13,318	5,251	20,231	
KENTUCKY	46,608		1,749	802	68	12,925	765	
LOUISIANA	129,976		4,918	54,323	20,139	13,355	9,966	3,891
MAINE	952		4,393	46	59	289	67	
MARYLAND	89,333		28,966	7,594	1,194	17,395	10,633	
MASSACHUSETTS	128,566		122	3,697	2,755	11,678	23,879	1,829
MICHIGAN	92	1,205	297	10	4,747	10,174	6,100	
MINNESOTA	1,722		36,275	1,454	21,380	16,512	7,931	
MISSISSIPPI	45		15,206	71	6,129	13,473	782	
MISSOURI	2,282		427	616	1,483	16,953	4,519	
MONTANA	837		155	10,947	13,213	2,533	8,332	
NEBRASKA	5		3,485	331	51	2,110	533	
NEVADA	1,865	1,214	7,444	576	7,582	3,471	4,535	
NEW HAMPSHIRE	7,455		18,529	441	6,261	1,840	5,477	108
NEW JERSEY	43,775		120	1,177	328	32,722	76,209	11
NEW MEXICO	1,336		1,996	6,628	11,949	2,777	5,081	
NEW YORK	142,057		6	770	485	20,836	893	72

STATE	INTERSTATE	INTERSTATE DISCRETIONARY	INTERSTATE 4R	CONSOLIDATED PRIMARY	RURAL SECONDARY	URBAN SYSTEM	BRIDGE REPLACEMENT	NHS
NORTH CAROLINA	1,217	30,000	274	3,757	2,638	37	13,121	
NORTH DAKOTA	3,285		20	379	431	815	256	
OHIO	23,314		26,958	3,415	6,002	48,057	24,940	47
OKLAHOMA	309		25,667	880	1,050	20,268	39,892	
OREGON	2,680		185	88	7,835	6,562	12,886	469
PENNSYLVANIA	83	1,114	51,126	459	846	27,713	46,843	273
RHODE ISLAND	6,521		17,510	167	1,839	734	6,028	60
SOUTH CAROLINA	642	3,887	39,572	3,783	13,126	3,164	16,009	10
SOUTH DAKOTA	1,126		66	13,879	365	1,838	6,327	604
TENNESSEE	595		17,547	129	3,924	18,742	309	
TEXAS	816	564	113	203	11,340	94,473	94,836	25
UTAH	1,387		3,380	740	7,591	1,376	920	5
VERMONT	6,829		11,405	3,750	1,730	2,335	4,909	
VIRGINIA	1,220		29,440	335	64	4,393	3,372	
WASHINGTON	7,431		64,524	471	4,115	7,484	26,845	
WEST VIRGINIA	512		2,280	13,280	4,445	4,554	26,591	
WISCONSIN	586		12,248	215	1,140	584	12,759	
WYOMING	1		52	1,084	471	2,646		7
DIST. OF COL.	21,182		14,506	186		1,353	23,402	110
PUERTO RICO			2,530	39,935	7,124	4,020	10,480	
TERRITORIES				1,391				210
TOTAL	908,126	93,427	809,207	254,058	247,956	586,801	619,587	16,209

STATE	INTERSTATE TRANSFER APPORTIONED	INTERSTATE TRANSFER DISCRETIONARY	METRO PLANNING	HAZARD ELIMINATION	RAIL-HWY CROSSING	SPECIAL BRIDGE REPLACEMENT	DISCRETIONARY BRIDGE REPLAC. & REHAB.
ALABAMA			2	64	3,123		
ALASKA			128	988	1,635	33	
ARIZONA	10			6,734	1,262		
ARKANSAS			103	345	1,207		
CALIFORNIA			127	854	5,131	22	
COLORADO	140	88		651	3,536	11	
CONNECTICUT	378		661	602	135		
DELAWARE			341	2,718	394		1,359
FLORIDA			72	2,218	133		
GEORGIA			1,112	188	4,495	127	
HAWAII			98	82			
IDAHO				137	191		2,330
ILLINOIS	1,971	203	1,514	109	1,469		16
INDIANA	153		782	4,861	5,858		
IOWA	1,321	216	123	4,721	2,114		8
KANSAS			29	2,142	2,542		
KENTUCKY			45	34	2,229		
LOUISIANA			433	5,717	8,348		
MAINE			98	1,837	2,836		
MARYLAND	2,628	3	690	22	239		
MASSACHUSETTS	3,101		65	3,639	1,180		
MICHIGAN			46	-	2,736		
MINNESOTA	167	40	121	2,158	760		116
MISSISSIPPI				1,568	2,329		
MISSOURI				2,022			
MONTANA				892	5,605		
NEBRASKA	18		124	2,452	1,673		
NEVADA				44	1,422		
NEW HAMPSHIRE			211	1,771	923		
NEW JERSEY	1,061		825	12,401	1,223		
NEW MEXICO			133	1,141	1,624		
NEW YORK	50	170	3,661	159	2,837		
NORTH CAROLINA			586	904	4,999		
NORTH DAKOTA			3	14	1,138		
OHIO	347	281	872	17,262	7,945		348
OKLAHOMA			201	2,751	2,252		

UNOBLIGATED BALANCES OF MAJOR FUNDS 2/28/87

STATE	INTERSTATE TRANSFER APPORTIONED	INTERSTATE TRANSFER DISCRETIONARY	METRO PLANNING	HAZARD ELIMINATION	RAIL-HWY CROSSING	SPECIAL BRIDGE REPLACEMENT	DISCRETIONARY BRIDGE REPLAC. & REHAB.
OREGON	796	250	168	533	702		
PENNSYLVANIA	200		78	9,764	5,219		
RHODE ISLAND	3,910		112	695	679		
SOUTH CAROLINA			373	592	8,823		
SOUTH DAKOTA			48	1,887	1,532		
TENNESSEE	1,475		4	45	10,769		
TEXAS			113	355	1,366		
UTAH			139	2,941	153		
VERMONT				1,972	725		
VIRGINIA	76		7	821	3,844	12	
WASHINGTON				1,146	5,027		
WEST VIRGINIA			165	2,546	905		
WISCONSIN				2,485	1,472		115
WYOMING				2,198	1,354		
DIST. OF COL.	152			1,240	863	11	
PUERTO RICO			13	613			
TERRITORIES				1,312			
TOTAL	17,954	1,251	14,424	115,349	127,753	218	4,292

UNOBLIGATED BALANCES OF MAJOR FUNDS 2/28/87

STATE	PUBLIC LANDS FY83 SUBSEQUENT	URBAN HIGH DENSITY	TOTAL SUBJECT TO LIMITATION	MINIMUM ALLOCATION
ALABAMA	113		72,906	
ALASKA			49,736	
ARIZONA			111,527	
ARKANSAS	30		2,,226	1,743
CALIFORNIA			323,700	22,375
COLORADO			68,445	
CONNECTICUT			30,084	
DELAWARE			36,779	
FLORIDA			64,669	27,382
GEORGIA			29,139	
HAWAII			99,197	
IDAHO			24,314	
ILLINOIS			29,638	5,842
INDIANA		2,532	45,140	3,295
IOWA			39,763	
KANSAS			74,431	
KENTUCKY			65,226	
LOUISIANA			251,065	
MAINE			10,577	
MARYLAND			158,696	
MASSACHUSETTS			180,511	
MICHIGAN	465		25,814	1,190
MINNESOTA			88,635	
MISSISSIPPI			39,602	
MISSOURI			28,303	821
MONTANA			41,913	
NEBRASKA			10,182	
NEVADA			28,154	
NEW HAMPSHIRE			43,097	
NEW JERSEY			169,652	
NEW MEXICO	250		32,954	
NEW YORK			171,996	
NORTH CAROLINA			57,533	27,177
NORTH DAKOTA			6,341	
OHIO			159,786	54,409
OKLAHOMA			93,270	3,579
OREGON			33,152	
PENNSYLVANIA			143,717	
RHODE ISLAND			38,253	
SOUTH CAROLINA			89,980	8,170
SOUTH DAKOTA			27,671	
TENNESSEE			53,539	
TEXAS			204,205	220
UTAH			18,634	
VERMONT			33,654	
VIRGINIA			43,583	
WASHINGTON	6		117,049	
WEST VIRGINIA			55,279	
WISCONSIN			31,604	10,285
WYOMING			7,832	
DIST. OF COL.			63,006	
PUERTO RICO			64,715	
TERRITORIES			2,913	
TOTAL	844	2,532	3,819,967	168,489

BUREAU OF MOTOR CARRIER SAFETY

Senator LAUTENBERG. Let us talk for a moment about the Bureau of Motor Carrier Safety. It is estimated that about 65 percent of truck accidents were driver preventable. But your request for fiscal year 1988 research in the area of driver performance decreases about 30 percent from the 1987 level.

Mr. BARNHART. I am sorry, Senator.

Senator LAUTENBERG. About 65 percent of truck accidents were driver preventable. By your request, fiscal year 1988 research funds in the area of driver performance goes down about 30 percent from the current level.

If the first premise is true about the number of truck accidents, then why would we be looking at a decrease in program funds?

Mr. BARNHART. I will have to give you a written response on that.

Senator LAUTENBERG. Let us leave that question. Perhaps one of your staff people can get back to us on that.

Mr. BARNHART. We would be happy to.

[The information follows:]

The reduction in funding proposed for fiscal year 1988 does not mean that the OMC is placing less emphasis on the importance of driver performance research. To the contrary, this research area will continue to be a high priority in the overall motor carrier research program. The level of funding requested for driver performance related research was lower for fiscal year 1988 than in preceding years because the agency is now focusing on implementing specific programs aimed at improving driver performance which came about as a result of past driver-related research. These programs include: an educational and technical assistance program, the selective enforcement and compliance program, the accident prevention program, and the commercial drivers license program. As these programs become implemented and new driver/carrier safety problems are identified we anticipate proposing additional driver performance research to resolve these problems.

DRUG TESTING LEGISLATION

Senator LAUTENBERG. Recently reported Senate legislation would include random drug testing of commercial truckdrivers. Has the Bureau done an analysis of what resources would be required to implement this provision?

Mr. MORGAN. No, sir; we have not.

Mr. BARNHART. We are waiting for, we are trying to develop a policy now, both in-house and out of house. We hope to have that in-house done by May 1. I think we should have that out.

Obviously some of these court challenges are giving us a great deal of cause for concern.

Senator LAUTENBERG. Is it giving you problems in terms of program design?

Mr. BARNHART. Yes.

Senator LAUTENBERG. Do you support the legislation?

Mr. BARNHART. Oh, yes. I think so. Absolutely. The stall is not simply because of a disapproval of the intent. But it comes into the practical implementation.

When you are talking about several million dollars, how do you accomplish this thing? So we have got some real problems on it.

Senator LAUTENBERG. However, it looks like this is something that is upon us and we are going to be looking at a time schedule and a resource requirement for implementation, possibly in the very near future.

I would hope that you take things pretty much as they are and do not try to catch every contingency, and can decide quickly what you are going to need to get this program done.

How many truck and bus drivers would be covered by this provision? Do you know?

Mr. BARNHART. Of the total of those we have got, 5 million, but how many this would apply to, I do not know. I will have to supply that figure to you.

Mr. MORGAN. We estimate there are approximately 1.7 million drivers of hazardous materials vehicles and then probably another 3.8 million drivers of other trucks.

Senator LAUTENBERG. How about the independent owners? Would they be subject?

Mr. MORGAN. Yes, sir.

Senator LAUTENBERG. Should they be subject?

Mr. MORGAN. Yes, sir.

Mr. BARNHART. The company situation would not be that difficult to handle. It can be done on employment physicals, but if you get into independents, that is a difficult thing to handle.

Senator LAUTENBERG. We should be looking at that. I assume that they make a contribution to the accident toll.

Mr. BARNHART. We are, sir. We are working with industry, broad sections of the industry on this issue as well.

INDUSTRY COOPERATION ON DRUG TESTING

Senator LAUTENBERG. Is the industry cooperative?

Mr. BARNHART. Oh, yes. They really are.

Senator LAUTENBERG. The association of independent owners?

Mr. BARNHART. Oh, yes.

Senator LAUTENBERG. Are they cooperative?

Mr. BARNHART. Yes, indeed.

INSURANCE INSTITUTE FOR HIGHWAY SAFETY STUDY

Senator LAUTENBERG. A recently released Insurance Institute for Highway Safety study stated that as many as 30 percent of the truck-drivers across this country were under some drug influence, including over-the-counter remedies.

Do you have any information that would either confirm that or challenge it?

Mr. BARNHART. We have no data to deny it, or really none to support it. We do not know if that was a fair examination, if that pertained only to illegal drugs or what. So we do not have data on that issue.

Senator LAUTENBERG. Is that something that you ought to be looking at? Is that a matter of concern?

Mr. BARNHART. Yes.

Mr. MORGAN. We have not seen the study yet, Senator, or had a chance to review it. We intend to do that, though.

MOTOR CARRIER SAFETY GRANTS

Senator LAUTENBERG. As of January 31, 1987, the Motor Carrier Safety Grant Program had an unobligated balance of $57 million. This is almost all of the amount provided for fiscal year 1987.

Is there any plan to use this money? Are we going to just keep a bank account there?

Mr. MORGAN. No, sir. We intend to use it all.

Senator LAUTENBERG. When?

Mr. MORGAN. As of today, we have distributed $42.6 million of the $50 million of the 1987 funds made available. And of course, I will not say it will all be obligated by September 30. But that will go to work for this year.

Senator LAUTENBERG. You say it will not be all obligated. Why is that?

Mr. MORGAN. Well, we got the funds a little late in the fiscal year. After the start of the fiscal year, we got the applications in from the state. We have approved the applications.

Senator LAUTENBERG. Were there enough requests around to use all of it?

Mr. MORGAN. Yes, sir. It is just a question that it may not all be——

Mr. BARNHART. We fought for this program. We are not going to underfund it.

Mr. MORGAN. In January, Senator, we just had not gotten the grants out. We just started to put the grants out around January and now most of them are out.

MOTOR CARRIER SAFETY—OPERATIONS

Senator LAUTENBERG. The Motor Carrier Safety request for fiscal year 1988, $24.7 million, represents a 27-percent increase over the 1987 appropriated level of $19.5 million. What do you need that additional $5 million plus for?

Mr. MORGAN. Well, most of it is increases to base, increase in salaries and benefits as the trainees graduate and come on board as the staff increases. There are some increases in equipment purchases. This new staff we have, we have to equip them.

We are going to buy more computers, better means of communication. In essence, there is no large single increased item, Senator. It is mostly incremental to take care of the increased staff and responsbilities.

RECRUITMENT AND RETENTION

Senator LAUTENBERG. We had a chat yesterday about the turnover and job conditions, and things of that nature. Last year the committee provided authority to allow the Secretary to hire an additional 150 safety inspectors. In view of our discussion about recruiting and retention, I would be interested in what is the status of the hiring program?

Mr. BARNHART. It should be full by July. Right now we have 120 of the new ones on board, including 27 that are currently in training.

Senator LAUTENBERG. That is 150 roughly.

Mr. BARNHART. Right.

Senator LAUTENBERG. Now what are the prospects for retaining those people in the program? What do they get paid when they are hired?

TRAINEE STARTING SALARY AND EDUCATION

Mr. BARNHART. I think it is around $15,000 to start with.

Senator LAUTENBERG. What education level do you find these people coming in with?

Mr. MORGAN. Approximately 60 percent of them have bachelor's degrees, about 60 percent. Most of them have some college education.

Senator LAUTENBERG. Sixty percent with bachelor's degrees, others with some college background?

Mr. MORGAN. Yes, sir.

Senator LAUTENBERG. And we offer them $15,000 a year to start.

Mr. MORGAN. Yes, sir.

Senator LAUTENBERG. What has been our longevity experience? How long do people usually stay in this program?

Mr. MORGAN. Well, our retention rate to date has been about 82 percent.

Senator LAUTENBERG. Over what period of time?

Mr. MORGAN. Since we started the hiring of the new training class.

Senator LAUTENBERG. Which began?

Mr. MORGAN. About a year ago.

Senator LAUTENBERG. So we have already lost 18 percent.

Mr. MORGAN. Yes.

REASONS FOR ATTRITION

Senator LAUTENBERG. Is some of that washout?

Mr. MORGAN. Six percent have actually washed out, failed the course. Three percent dropped out, 8 percent dropped out after graduation and something like after graduation and partial completion of the 1-year internship, but we have lost—that is it, 8, 3, and 6.

Senator LAUTENBERG. The $15,000——

Mr. MORGAN. That is the starting salary.

Senator LAUTENBERG. Is that through the training phase of 5 weeks?

Mr. MORGAN. No; I believe they are promoted after their first year of probation.

Senator LAUTENBERG. So they might be at $15,000 for 1 year.

Mr. MORGAN. Yes.

Senator LAUTENBERG. What would the wage scale be for the second year?

Mr. MORGAN. It would be approximately $18,400. They have the potential to go up. The journeyman level would be a GS–11, which is somewhere in the neighborhood, I believe, of $30,000 plus.

Senator LAUTENBERG. How long does it take to get that?

Mr. MORGAN. The quickest they could do it is probably about 6 years, 5 or 6 years.

Senator LAUTENBERG. And the turnover in the postgraduate period?

Mr. MORGAN. Well, we have had 8 percent leave after they have graduated. Twelve people have left after they have graduated so far, out of the 147 that we have started through the cycle.

Mr. BARNHART. Part of that is because of assignments, because they think they may be going to one state and they are assigned way across the country. And although we try to avoid that, it still happens.

Senator LAUTENBERG. There is nothing like building experience over a period of time. It is too bad that that can not be understood before people go into the program, where are they going to go.

It is awfully hard to move body, soul and family on a $15,000-a-year income to a location away from where people are currently resident. That is very tough.

INTERSTATE TRANSFER GRANTS—UNOBLIGATED BALANCE

You have a request in for a supplemental that includes transferring $50 million of previously appropriated interstate highway transfer funds to fund the Federal Aviation Administration $50 million program supplemental.

What do you think about? It is not your request, I am sorry. I stand corrected. The DOT's request. What do you think about this transfer?

Mr. BARNHART. We frankly dragged our feet on that, Senator. We dragged our feet on that because we did not think that it would fly. Those moneys, in effect, were out to designated cities and so we do not support that initiative.

Senator LAUTENBERG. I would hope not. You, I assume, believe that your Department's programs are important programs.

Mr. BARNHART. Yes; I think we do that and we do follow the instructions. I think one should follow the law whether you like the law or not. It seems to me that we have some responsibilities there.

I think you will find that Federal Highway does that pretty well.

Senator LAUTENBERG. Well, I think wherever you can push back, you ought to.

Mr. BARNHART. Now, in defense, those moneys had been sitting out there, so I guess they looked at them, thought they were fair game because they have not been utilized.

POSSIBLE DEFENSE OF PROPOSAL

Senator LAUTENBERG. There is a lesson to be learned from that. Use it or lose it, is that not what they say?

The interstate transfer highway funds are all earmarked for specific projects, including nearly $17.5 million for Oregon, $13.6 million for Pennsylvania, about $10 million for Minnesota, and nearly $5 million for New Jersey.

What arguments can I make to my colleagues in the Senate, my constituents in New Jersey, on why they should give up these funds that are part of the funds that are being allocated for the transfer?

Mr. MORGAN. I do not think they would be giving them up. They would not be giving them up, Senator. They would be taken. These are funds that were appropriated early on, in 1982 and 1983. They are available until expended.

Now if they were taken, then eventually they would be restored through the apportionment of the interstate substitute funds. In other words, there is a guarantee, an entitlement out there.

But these funds are looked on by the states and local areas as good funds to keep around because they do not lapse, and are available until expended, and therefore they became a target.

RAIL-GRADE CROSSING PROGRAM

Senator LAUTENBERG. Switching subjects—there is a safety problem in the rail highway crossing area. In the rail industry, they believe it is the No. 1 cause of fatal rail accidents, one of the greatest contributors to engineer stress.

What is Federal Highway doing in this area?

Mr. MORGAN. Well, we have had a very active railroad grade crossing protection program since the 1970's. We have seen a marked reduction in fatalities at railroad grade crossings over the years since this program started. I believe it has been very successful.

Senator LAUTENBERG. But it still looms as an enormous problem?

Mr. MORGAN. Yes, sir; we are talking about probably 600 fatalities a year at railroad grade crossings.

RAIL-GRADE CROSSING STUDY

Senator LAUTENBERG. Has Federal Highway studied the possible rulemakings or engineering standards in this area to cut down the number, the continued number of highway rail crossing accidents?

Mr. MORGAN. We had a need study in the early 1970's. We have not had one since, Senator. We have some demonstration projects active now, looking at low volume crossings and how we can protect them.

They are not an extremely high proportion of the accidents, but there are many relatively low volume crossings where no protection exists, and we have got a demonstration project going in that area.

Senator LAUTENBERG. Should we update that study?

Mr. MORGAN. It is probably timely, Senator, yes. There is, I believe, a provision in the highway conference report asking for a new study on highway gradé crossing needs.

SUBMITTED QUESTIONS

Senator LAUTENBERG. We will excuse you at this point. We thank you for being with us. There are questions that will be submitted for the record from me, as well as members of the subcommittee, Mr. Barnhart, that will be included in the record. Thank you very much.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

DEFICIT NEUTRAL PROPOSAL

SENATOR LAUTENBERG: The budget request for Fiscal Year 1988 is consistent with the Administration's proposed four-year reauthorization legislation, which proposes a deficit neutral position so that highway programs neither increase nor decrease the Federal deficit. How does this proposal square with the fact that at the end of Fiscal Year 1987 it is estimated that the Highway Trust Fund will have a cash balance of approximately $14 billion (page 130 of justification).

ANSWER: As a matter of clarification, the $14.0 billion includes the estimated mass transit account balance of $3.9 billion and the estimated highway account balance of $10.1 billion. With respect to that amount, part of the cash balance of the Highway Trust Fund will be needed to reimburse the States for unpaid obligations from FY 1987 and prior years. The remainder represents the uncommitted balance and, under our deficit neutral proposal, would remain in the Highway Trust Fund for use in the future when the deficit situation is resolved.

SENATOR LAUTENBERG: By not spending the user fees coming into the trust fund, aren't you using the Highway Trust Fund to help balance the budget?

ANSWER: User fees that were collected in prior years are not used to help balance the budget. In the deficit calculation those fees were counted as income in the year collected and do not enter into the calculation in future years, even though they may not have been spent.

SENATOR LAUTENBERG: If a goal of your proposal is to balance outlays against income, why do you not include interest income in your calculations?

ANSWER: The interest accruing to the Trust Fund is a transfer from the General Fund and does not actually increase income to the Federal Government to offset the outlay effect. Thus, use of interest to support higher authorizations would add to the deficit.

SENATOR LAUTENBERG: By not including interest as legitimate income aren't you building up reserves of approximately $1.2 billion a year (interest of investments) that could be used to solve the Nation's Highway needs?

ANSWER: The interest that will continue to accrue to the Trust Fund will build up for use in the future when the deficit situation improves to the point that it is no longer necessary to operate under the deficit neutral policy.

FISCAL YEAR 1987 SUPPLEMENTAL REQUEST
(Interstate Transfer Grants-Highways)

SENATOR LAUTENBERG: Why were these funds chosen for transfer? Did FHWA or OMB Make the choice?

ANSWER: With respect to the first part of the question, these funds were probably chosen because they may have been the only "old" account with sufficient unobligated balances to cover the FAA supplemental. With respect to the second part of the question, FHWA did not make the decision to transfer these funds.

DELAY OF REAUTHORIZING HIGHWAY LEGISLATION

SENATOR LAUTENBERG: Mr. Barnhart, please tell the Committee the amount of highway obligations to date for this fiscal year. How does this compare with prior years? In other words, by not having a reauthorization for fiscal year 1987, what effect did this have on the obligation rate?

ANSWER: Federal-aid highway program obligations for fiscal year (FY) 1987 totaled $3.3 billion as of February 28, 1987. This compares to fiscal year obligations thru February 28, 1986, of $6.6 billion. Based on these figures, it appears that the lack of authorizations has resulted in a substantially lower rate of obligation in FY 1987.

SENATOR LAUTENBERG: How many States are out of funds or have very little left?

ANSWER: As of February 28, 1987, the States had approximately $3.8 billion in unobligated funds. No State is out of funds, although 27 States had less than $50 million unobligated, with 4 of these States having less than $11 million unobligated. However, a number of States are running out of apportioned funds in one or more categories. For example, as of that date 33 States had less than $5 million of Interstate Construction funds; 28 States had less than $5 million of Interstate 4R funds; 40 States had less than $5 million of Consolidated Primary funds; and 24 States had less than $5 million of Bridge Replacement and Rehabilitation funds.

SENATOR LAUTENBERG: If no new funds are available when do you estimate that the remaining funds will be exhausted?

ANSWER: Since the States determine when they will obligate their funds, FHWA cannot determine with any precision when the States will exhaust their funds. However, as of February 28, 1987, 27 States had less than $50 million of unobligated funds, with many States having virtually exhausted their funds in the major categories such as Interstate Construction and Consolidated Primary funds.

SENATOR LAUTENBERG: Does this jeopardize the spring contract-letting process?

ANSWER: The prime letting periods for the 1987 construction season have now passed and any State with low (or zero) balances of funds has been affected by the delay. Several States have reported that the entire 1987 season will be lost for new starts if 1987 apportionments are not available soon.

SENATOR LAUTENBERG: Does the Department really believe that a veto is in everyone's best interests? If so, why? What agreements would you make to support a veto?

ANSWER: Although the bill contains many provisions that benefit the highway and transit programs and provides urgently needed new authorizations for the highway program, the bill contains a few major provisions that are not acceptable (excessive spending levels, demonstration/special interest projects, inequitable distribution of transit funds from the 1 cent motor fuel tax, excessive amount of transit funds from the General Fund and Buy America provisions). While a veto will result in some additional delay in providing the urgently needed highway funds, the Department believes that the benefits to the general public by revising the bill to modify these objectionable features far outweigh the

negative impacts of a small additional delay in providing new highway funds. These revisions are in concert with our common objective of reducing Federal spending and it is expected that the merits of the President't position on these provisions will result in a veto being sustained. The Department will be prepared to work closely with Congress in addressing these objectionable provisions so a revised bill acceptable to the President could be enacted quickly.

FISCAL YEAR 1987 SUPPLEMENTAL REQUEST

SENATOR LAUTENBERG: The budget requests supplemental appropriations in FY 1987 of $35 million in liquidating cash to pay for bills associated with contract authorization provided for the Motor Carrier Safety Grant program. What is the status of the $16.3 million of Trust funds appropriations that was provided for Fiscal Year 1987?

ANSWER: The $16.3 million in Trust funds appropriations was provided in the Fiscal Year 1987 Appropriations Act, P.L. 99-500. The status is that we have not used the funds.

SENATOR LAUTENBERG: Have the 1987 Safety Grant Appropriations been obligated? If not, is that why the budget proposes using the appropriated amount to offset the liquidating cash requirement for the contract authority program?

ANSWER: No, the 1987 Safety Grant Appropriations have not been obligated. Yes, the 1987 Safety Grant Appropriations have not been obligated since the budget proposes using the appropriated amount to offset the liquidating cash requirement for the contract authority program.

SENATOR LAUTENBERG: For the record list the withdrawal areas and the amount of funds each would lose under the Administration's proposal to fund the Federal Aviation Administration's 1987 program supplemental with Interstate Substitute Highway funds.

ANSWER: See chart below.

INTERSTATE TRANSFER GRANTS FUND
PROPOSED TO BE TRANSFERRED
TO THE FEDERAL AVIATION ADMINISTRATION

STATE	WITHDRAWAL AREA	Amount
Connecticut	Bolton to Killingly	$ 85,762.00
Colorado	Denver	198,917.89
Washington, D.C.	Washington, D.C.	190,519.65
Illinois	Chicago	36,855.80
Minnesota		9,487,354.47
	Duluth	(177,438.00)
	Minneapolis-ST Paul	(9,309,916.47)

STATE	WITHDRAWAL AREA	Amount
New Jersey		4,951,960.08
	New York City	(2,337,874.40)
	Philadelphia	(2,614,085.68)
Ohio	Cleveland	4,382,390.00
Oregon		14,633,976.71
	Salem	(2,123,320.62)
	Portland	(12,510,656.09)
Pennsylvania		13,644,252.57
	Philadelphia	(12,556,987.57)
	Pittsburgh	(1,087,265.00)
Indiana	Indianapolis	86,540.12
Iowa	Waterloo	194,564.89
Total.....		$47,893,094.18

SENATOR LAUTENBERG: The likely compromise regarding demonstration projects would have 80 percent of the demo money coming from the Federal government and 20 percent from State or local sources. However, 30 percent of the Federal money would come from various highway discretionary funds. What programs would these funds come from? Are there funds available in these discretionary categories?

ANSWER: The 30 percent funding to be reserved and earmarked each year from the Discretionary funds is to be taken off the top of the authorizations for the Interstate Construction discretionary, Interstate Substitute discretionary, Interstate 4R discretionary, and Bridge discretionary programs. As of March 19, 1987, all Interstate Construction discretionary funds available for FY 1987 have been allocated; no funds are available for Interstate 4R discretionary; and balances of Interstate Transfer discretionary and Bridge discretionary total $4.6 million and $0.4 million respectively.

SENATOR LAUTENBERG: Which of the discretionary accounts have the greatest demand for funds.

ANSWER: Since most available funds in the Interstate Construction discretionary, Interstate Substitute discretionary, and Bridge Discretionary accounts have been fully allocated each year, there is little basis on which to compare which account has the greatest demand for funds.

FEDERAL HIGHWAY ADMINISTRATION DATA

SENATOR LAUTENBERG: For the record provide the latest Interstate substitute cost estimates for both highways and transit, and the estimated apportionments for fiscal year 1988, a $200 million transit level and a $740 million highway level.

ANSWER: The following Revised Tables 3 and 4 are the latest Interstate substitute highway and transit cost estimates submitted to Congress. They are identical to Committee Print 100-6 of the House Committee on Public Works and Transportation and are the tables referenced for approval in H.R. 2. The next table entitled "Estimated Apportionments for Substitute Highway and Transit Projects for Fiscal Year 1988", shows estimated apportionments based on the factors referenced in H.R. 2. Funding levels of $740 million for substitute highway projects (75 percent assumed to be apportioned and 25 percent allocated) and $200 million for substitute transit projects (50 percent assumed to be apportioned and 50 percent allocated) were used.

REVISED TABLE 3 - ESTIMATED FEDERAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY PROJECTS AND APPORTIONMENT FACTORS FOR DISTRIBUTION OF 75 PERCENT OF THE FISCAL YEAR 1987 AUTHORIZATION* (Revised from S. Prt. 99-69 to reflect a withdrawal of a route in New York, lapses, reapportionments, apportionments, allocations, intrastate shifts, New York obligations under Pub. L. 99-190, and transfers in Maryland under Pub. L. 98-229.)

STATE	WITHDRAWAL AREA	HIGHWAY COST TO COMPLETE	HIGHWAY AMOUNTS ALREADY AVAILABLE	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE HIGHWAY PROJECTS	APPORTIONMENT FACTORS (PERCENT)
ARIZONA	Tucson	21,101,957	20,005,094	1,096,863	0.025
CALIFORNIA	Sacramento	0	0	0	0.000
	San Francisco	22,155,767	2,349,219	19,806,548	0.443
COLORADO	Denver	131,886,812	90,950,191	40,936,621	0.916
CONNECTICUT	Bolton to Killingly	402,226,379	104,847,646	297,378,733	6.657
	Hartford-New Britain	502,319,938	129,370,726	372,949,212	8.349
DISTRICT OF COLUMBIA	Washington	157,947,729	65,807,940	92,139,789	2.063
GEORGIA	Atlanta	112,582,644	44,040,870	68,541,774	1.534
ILLINOIS	Chicago	912,378,477	422,755,443	489,623,035	10.961
INDIANA	Indianapolis	63,602,212	32,337,827	31,264,385	0.700
IOWA	Waterloo	291,974,615	110,418,349	181,556,265	4.064
MARYLAND	Baltimore	633,669,172	281,913,910	351,755,261	7.874
	Bowie to Millersville	93,471,523	19,372,677	74,098,846	1.659
	Washington	8,264,910	811,634	7,453,276	0.167
MASSACHUSETTS	Boston	98,816,877	37,606,664	61,210,213	1.370
	Fall River to Providence	13,209,372	5,660,559	7,548,813	0.169
MINNESOTA	Duluth	52,960,507	43,503,140	9,457,367	0.212
	Minneapolis-St. Paul	77,693,969	63,824,901	13,869,068	0.311
NEBRASKA	Omaha	33,233,797	19,151,371	14,082,426	0.315
NEW JERSEY	New York City	70,251,865	32,468,253	37,783,612	0.846
	New York City to Trenton	223,014,370	43,638,223	179,376,147	4.016
	Philadelphia	74,610,983	70,219,961	4,391,022	0.098
NEW YORK	Albany	15,982,494	14,877,423	1,105,071	0.025
	New York City	1,327,990,010	44,810,745	1,283,179,265	28.725
OHIO	Cleveland	156,069,254	75,513,329	80,555,925	1.803
OREGON	Portland	191,862,711	117,585,625	74,277,086	1.663
	Salem	29,593,530	29,593,530	0	0.000
PENNSYLVANIA	Philadelphia	73,382,223	43,821,834	29,560,389	0.662
	Pittsburgh	65,405,395	23,673,581	41,731,814	0.934
RHODE ISLAND	Rhode Island	638,467,468	211,628,927	426,838,541	9.555
TENNESSEE	Memphis	214,481,823	51,150,221	163,331,602	3.656
VIRGINIA	Washington	25,149,582	14,954,020	10,195,562	0.228
TOTALS		6,735,758,365	2,268,663,832	4,467,094,533	100.000

* Amounts are in Federal funds.

REVISED TABLE 4 - ESTIMATED FEDERAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS AND APPORTIONMENT FACTORS FOR DISTRIBUTION OF 50 PERCENT OF THE FISCAL YEAR 1987 AUTHORIZATION* (Revised from S. Prt. 99-69 to reflect a withdrawal of a route in New York, lapses, reapportionments, apportionments, and allocations.)

STATE	WITHDRAWAL AREA	TRANSIT COST TO COMPLETE	TRANSIT AMOUNTS ALREADY AVAILABLE	ESTIMATED ADDITIONAL FUNDS REQUIRED TO COMPLETE SUBSTITUTE TRANSIT PROJECTS	APPORTIONMENT FACTORS (PERCENT)
ARIZONA	Tucson	0	0	0	0.000
CALIFORNIA	Sacramento	64,051,663	62,350,602	1,701,061	0.162
	San Francisco	71,772,221	6,763,000	65,009,221	6.172
COLORADO	Denver	0	0	0	0.000
CONNECTICUT	Bolton to Killingly	427,629	196,849	230,780	0.022
	Hartford-New Britain	41,410,198	29,554,554	11,855,644	1.126
DISTRICT OF COLUMBIA	Washington	6,595,874	2,913,952	3,681,922	0.350
GEORGIA	Atlanta	0	0	0	0.000
ILLINOIS	Chicago	704,991,931	433,841,907	271,150,024	25.743
INDIANA	Indianapolis	3,972,220	3,136,443	835,777	0.079
IOWA	Waterloo	12,647,309	2,195,267	10,452,042	0.992
MARYLAND	Baltimore	344,473,052	124,995,000	219,478,052	20.838
	Bowie to Millersville	0	0	0	0.000
	Washington	0	0	0	0.000
MASSACHUSETTS	Boston	101,518,877	77,537,973	23,980,904	2.277
	Fall River to Providence	1,088,865	486,176	602,689	0.057
MINNESOTA	Duluth	6,044,501	3,555,793	2,488,708	0.236
	Minneapolis-St. Paul	0	0	0	0.000
NEBRASKA	Omaha	0	0	0	0.000
NEW JERSEY	New York City	81,235	81,235	0	0.000
	New York City to Trenton	5,153,511	4,076,920	1,076,591	0.102
	Philadelphia	9,886,166	9,886,166	0	0.000
NEW YORK	Albany	1,884,833	542,501	1,342,332	0.128
	New York City	390,680,800	41,504,996	349,175,804	33.151
OHIO	Cleveland	48,905,748	13,348,405	35,557,343	3.376
OREGON	Portland	17,994,584	9,912,420	8,082,164	0.767
	Salem	0	0	0	0.000
PENNSYLVANIA	Philadelphia	0	0	0	0.000
	Pittsburgh	0	0	0	0.000
RHODE ISLAND	Rhode Island	43,313,243	19,380,197	23,933,046	2.272
TENNESSEE	Memphis	31,022,526	8,376,519	22,646,007	2.150
VIRGINIA	Washington	0	0	0	0.000
TOTALS		1,907,916,986	854,636,875	1,053,280,111	100.000

*Amounts are in Federal funds.

ESTIMATED APPORTIONMENTS FOR SUBSTITUTE HIGHWAY AND TRANSIT PROJECTS
FOR FISCAL YEAR 1988*

STATE	WITHDRAWAL AREA	ESTIMATED HIGHWAY APPORTIONMENT**	ESTIMATED TRANSIT APPORTIONMENT
ARIZONA	Tucson	135,975	0
CALIFORNIA	Sacramento	0	173,130
	San Francisco	2,409,477	6,097,360
COLORADO	Denver	4,982,124	0
CONNECTICUT	Bolton to Killingly	36,207,423	21,890
	Hartford-New Britain	45,410,211	1,132,310
DISTRICT OF COLUMBIA	Washington	11,220,657	351,235
GEORGIA	Atlanta	8,343,426	0
ILLINOIS	Chicago	59,616,879	25,962,535
INDIANA	Indianapolis	3,807,300	80,595
IOWA	Waterloo	22,104,096	979,080
MARYLAND	Baltimore	42,826,686	20,529,835
	Bowie to Millersville	9,023,301	0
	Washington	908,313	0
MASSACHUSETTS	Boston	7,451,430	2,302,430
	Fall River to Providence	919,191	57,710
MINNESOTA	Duluth	1,153,068	228,850
	Minneapolis-St. Paul	1,691,529	0
NEBRASKA	Omaha	1,713,285	0
NEW JERSEY	New York City	4,601,394	0
	New York City to Trenton	21,843,024	106,465
	Philadelphia	533,022	0
NEW YORK	Albany	135,975	125,370
	New York City	156,235,275	32,990,220
OHIO	Cleveland	9,806,517	3,203,900
OREGON	Portland	9,045,057	760,180
	Salem	0	0
PENNSYLVANIA	Philadelphia	3,600,618	0
	Pittsburgh	5,080,026	0
RHODE ISLAND	Rhode Island	51,969,645	2,285,515
TENNESSEE	Memphis	19,884,984	2,111,390
VIRGINIA	Washington	1,240,092	0
	TOTALS	543,900,000	99,500,000

*Based on apportionment factors contained in Committee Print 100-6.
**Based on $740 million authorization level with 75% apportionned and 25% allocated.
***Based on $200 million authorization level with 50% apportionned and 50% allocated and 1/2% draw down for Poject Management Oversight.

FEDERAL HIGHWAY ADMINISTRATION DATA

SENATOR LAUTENBERG: For the record provide bid price index on both Interstate and non-Interstate Highway Projects by quarter for fiscal years 1985 and 1986 and first quarter of 1987.

ANSWER: Quarterly bid-price indices compiled from contract awards for Federal-aid construction contracts greater than $500,000 (other than those for the Secondary Highway System) are shown below for the Interstate and non-Interstate contracts.

Fiscal Year	Quarter	Index for Interstate	Index for non-Interstate
1985	First	166	167
	Second	170	166
	Third	184	168
	Fourth	187	173
1986	First	173	171
	Second	176	176
	Third	186	165
	Fourth	178	175
1987	First	165	176

SENATOR LAUTENBERG: For the record provide the latest donor/donee results by State.

ANSWER: (See Attached Table).

RATIO-APPORTIONMENTS/PAYMENTS (DONOR/DONEE)

STATE	FY 85	CUMULATED FY 56-85
ALABAMA	1.38	1.27
ALASKA	5.44	8.69
ARIZONA	1.24	1.52
ARKANSAS	0.95	1.04
CALIFORNIA	1.03	0.90
COLORADO	1.86	1.39
CONNECTICUT	2.44	1.48
DELAWARE	1.60	1.59
DIST. OF COLUMBIA	5.64	3.89
FLORIDA	1.01	0.96
GEORGIA	0.93	1.08
HAWAII	4.67	3.20
IDAHO	1.85	1.78
ILLINOIS	1.38	1.14
INDIANA	1.02	0.87
IOWA	1.40	1.13
KANSAS	1.20	1.16
KENTUCKY	1.17	1.29
LOUISIANA	1.32	1.48
MAINE	0.99	1.18
MARYLAND	1.70	1.61
MASSACHUSETTS	1.44	0.97
MICHIGAN	1.15	0.90
MINNESOTA	1.38	1.31
MISSISSIPPI	1.14	1.11
MISSOURI	1.06	1.05
MONTANA	2.26	2.76
NEBRASKA	1.40	1.14
NEVADA	1.98	2.19
NEW HAMPSHIRE	1.73	1.60
NEW JERSEY	1.14	0.88
NEW MEXICO	1.26	1.58
NEW YORK	1.69	1.18
NORTH CAROLINA	1.04	0.83
NORTH DAKOTA	1.79	2.00
OHIO	1.11	0.93
OKLAHOMA	0.99	0.91
OREGON	1.30	1.43
PENNSYLVANIA	1.42	1.12
RHODE ISLAND	4.16	1.95
SOUTH CAROLINA	0.89	0.91
SOUTH DAKOTA	1.96	2.01
TENNESSEE	1.19	1.14
TEXAS	1.01	0.84
UTAH	2.22	2.15
VERMONT	2.61	2.60
VIRGINIA	1.31	1.38
WASHINGTON	1.78	1.70
WEST VIRGINIA	2.00	2.62
WISCONSIN	1.03	0.85
WYOMING	1.83	2.43
TOTAL	1.29	1.15

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SENATOR LAUTENBERG: For the record identify by State and segment the 500 miles of interstate that remains to be completed and the 108 miles recently put under contract.

ANSWER: The following tabulations show 500 miles of Interstate segments remaining to be completed (not under construction) and the 108 miles recently put under contract for construction:

INTERSTATE MILEAGE REMAINING TO BE COMPLETED*

STATE	ROUTE	MILEAGE	LOCATION
Alabama	I-210	6	Mobile
	I-565	15	Huntsville
Arizona	I-10	5	Phoenix
California	I-15	11	San Bernardino
	I-105	17	Los Angeles
	I-580	6	San Francisco
Colorado	I-70	8	Glenwood Canyon
	I-76	3	Denver
Connecticut	I-291	6	Hartford
D.C.	I-295	1	Anacostia
Florida	I-75	1	Ft. Lauderdale
		(Another 75 miles is open two lanes)	
	I-95	31	W. Palm Beach
	I-275	13	St. Petersburg
	I-595	4	Ft. Lauderdale
Hawaii	H-3	10	Honolulu
Idaho	I-90	5	Coeur D'Alene
Indiana	I-164	21	Evansville
Louisiana	I-49	74	Various
	I-220	2	Shreveport
	I-310	7	New Orleans
	I-510	3	New Orleans
Maryland	I-97	7	Anne Arundel Co.
	I-195	2	Baltimore
	I-370	1	Montgomery Co.
Massachusetts	I-90	3	Boston
	I-95	1	Boston
Michigan	I-69	30	N. of Lansing
	I-696	3	Detroit
Minnesota	I-35	2	Duluth
	I-35E	1	Minneapolis
	I-394	7	Minneapolis
Montana	I-15	1	Beaverhead Co.
New Hampshire	I-393	1	Concord
New Jersey	I-78	4	Phillipsburg
	I-287	19	N.E. New Jersey
	I-295	3	Trenton
New York	I-88	3	Binghamton
N. Carolina	I-40	20	Raleigh
Ohio	I-480	1	Cleveland
	I-490	1	Cleveland
	I-670	4	Columbus

STATE	ROUTE	MILEAGE	LOCATION
Oklahoma	I-235	1	Oklahoma City
Pennsylvania	I-70	2	Belle Vernon
	I-78	3	Allentown
	I-476	14	Philadelphia
	I-279	11	Pittsburgh
	I-579	1	Pittsburgh
	I-676	2	Philadelphia
S. Carolina	I-526	2	Columbia
Texas	I-27	6	Lubbock
Utah	I-15	5	South of Nephi
	I-70	12	West of Salina
	I-215	2	Salt Lake City
Virginia	I-95	17	Richmond
	I-264	1	Norfolk
	I-664	2	Norfolk
Washington	I-82	11	South of Pasco
	I-90	6	Seattle
W. Virginia	I-64	21	E. of Charlestown
	I-77	2	Charlestown
	TOTAL	484	

* More recent information received from certain States indicates that several of the listed segments have been placed under construction since the 500 miles was reported.

INTERSTATE MILEAGE RECENTLY PUT UNDER CONSTRUCTION*

STATE	ROUTE	MILEAGE	LOCATION
Alabama	I-565	3	Huntsville
Colorado	I-70	1	Glenwood Canyon
	I-76	1	Denver
Illinois	I-255	4	E. St. Louis
Kansas	I-435	3	Kansas City
Minnesota	I-35	2	Duluth
	I-394	1	Minneapolis
Mississippi	I-110	1	Biloxi
New Hampshire	I-93	2	Franconia Notch
	I-393	1	Concord
N. Carolina	I-40	11	Raleigh
Oklahoma	I-235	2	Oklahoma City
Oregon	I-82	7	Wash. St. Line
Pennsylvania	I-78	15	Allentown
S. Carolina	I-77	2	Columbia
	I-526	7	Charleston
Utah	I-15	9	South of Nephi
	I-70	11	West of Salina
	I-215	2	Salt Lake City
Virginia	I-95	8	Richmond
	I-464	2	Norfolk
	I-664	3	Norfolk
	TOTAL	98 Miles	

* More recent information received from States indicates several segments were put under construction since the 500 miles was reported and some segments shown in the 108 miles had been put underway in previous years.

SENATOR LAUTENBERG: Provide the estimated amount of "minimum apportionment" available by State under the Administration's bill, the Senate passed and the House passed bills.

ANSWER: The following table depicts estimated amounts for "minimum apportionment" or 85-percent minimum allocation in fiscal year 1987 under the Administration's January 1987 proposal, S. 387 as passed, and H. R. 2 as passed originally by the House.

	Administration	S.387	H. R. 2
		(In thousands of dollars)	
Arizona	---	---	37,448
Arkansas	22,178	26,906	25,424
California	36,754	7,230	59,087
Delaware	---	---	1,257
Georgia	1,528	32,132	---
Indiana	50,099	81,913	58,765
Kentucky	11,118	12,670	---
Maine	7,100	3,245	13,207
Michigan	---	4,516	15,105
Mississippi	2,882	16,156	10,973
Missouri	---	26,590	19,934
New Jersey	9,584	---	---
New Mexico	---	---	6,828
North Carolina	54,222	74,184	31,003
Ohio	58,254	102,660	44,983
Oklahoma	10,857	30,387	34,941
South Carolina	---	---	32,105
Tennessee	12,606	40,969	2,123
Texas	192,322	283,904	146,642
Wisconsin	29,958	52,349	30,559
Total	500,000	795,812	570,423

SENATOR LAUTENBERG: Provide the Committee a listing by State of the unobligated minimum apportionment funds.

ANSWER: The following table shows unobligated balances of minimum allocation funds as of February 28, 1987.

STATE	AMOUNT
Arkansas	1,743,387.00
California	22,375,095.79
Florida	27,381,730.00
Illinois	5,841,697.26
Indiana	3,295,453.89
Michigan	1,190,413.21
Missouri	820,657.80
North Carolina	27,177,121.00
Ohio	54,409,351.00
Oklahoma	3,578,669.19
South Carolina	8,169,592.00
Texas	220,400.67
Wisconsin	10,285,070.70
	166,488,639.51

SENATOR LAUTENBERG: Provide for the record by State and amount how the States have obligated minimum apportionment funds by category.

ANSWER: The following table shows how the States have obligated minimum allocation funds on the Federal-aid highway systems as of February 28, 1987:

Use of Minimum Allocation Funds
By Federal-Aid Highway System
Cumulative Obligations FY 1983 - FY 1987

as of February 28, 1987

(dollars in thousands)

State	Interstate	Primary	Secondary	Urban	Other	Total
Arkansas	0	17,301	1,010	1,247	185	19,743
California	582	144,303	2,688	112,778	25,960	286,311
Florida	14,145	12,028	3,634	32	4,966	34,805
Illinois	32,048	77,661	8,363	11,342	3,840	133,254
Indiana	5,097	99,507	55,739	54,348	21,866	236,557
Michigan	0	90,493	10,489	63,006	4,399	168,387
Missouri	5,316	27,254	233	4,141	83	37,027
N. Carolina	14,142	70,768	380	55,548	2,248	143,086
Ohio	54,965	89,008	69,523	60,286	3,503	277,285
Oklahoma	0	99,537	1,316	22,982	0	123,835
S. Carolina	0	0	0	1,335	220	1,555
Tennessee	0	30,719	0	0	0	30,719
Texas	215,068	476,500	1,602	50,699	9,908	753,777
Wisconsin	0	103,890	196	0	944	105,030
Total	341,363	1,338,969	155,173	437,744	78,122	2,351,371

SENATOR LAUTENBERG: Provide the States Disadvantage Business Enterprises percentage goals for Fiscal Year 1986 and the actual percentages achieved.

ANSWER: The attached table presents States' goals and achievements for FY 1986.

FY 1986 TWELVE MONTH REPORT OF FEDERAL-AID

DBE AWARDS AND COMMITMENTS

STATE	FY 1986 DBE GOAL (%)	9 MONTH FA CONTRACTS $(1000)	4TH QTR FA CONTRACTS $(1000)	12 MONTH FA CONTRACTS $(1000)	PRIME CONTRACT AWARDS PLUS SUBCONTRACT COMMITMENTS (No.)	$(1000)	% ACHIEVED
ALABAMA	10.0	$150,884	$20,141	$171,024	209	$18,100	10.6
ALASKA	10.0	$65,170	32,983	$98,132	32	11,498	11.7
ARIZONA	10.0	$195,822	62,004	$257,825	130	28,421	11.0
ARKANSAS	10.0	$91,897	16,489	$108,386	131	12,401	11.4
CALIFORNIA	13.0	$551,688	227,126	$778,815	1,345	125,380	16.1
COLORADO	10.0	$107,993	49,508	$157,501	180	15,954	10.1
CONNECTICUT	10.0	$138,025	14,911	$152,936	117	18,627	12.2
D.C.	35.0	$16,605	5,161	$21,765	20	13,162	60.5
DELAWARE	10.0	$35,153	3,162	$38,315	36	4,310	11.2
FLORIDA	10.0	$196,941	168,011	$364,953	282	51,940	14.2
GEORGIA	10.0	$343,862	65,163	$409,026	362	42,014	10.3
HAWAII	18.0	$20,651	8,617	$29,268	39	11,589	39.6
IDAHO	10.0	$48,440	6,239	$54,678	92	6,004	11.0
ILLINOIS	10.0	$353,675	136,494	$490,169	952	53,105	10.8
INDIANA	10.0	$203,087	47,728	$250,815	618	27,410	10.9
IOWA	10.0	$127,936	6,948	$134,884	421	15,576	11.5
KANSAS	10.0	$123,828	51,453	$175,281	224	16,910	9.6
KENTUCKY	10.0	$74,242	14,665	$88,908	76	8,152	9.2
LOUISIANA	10.0	$154,456	45,819	$200,275	65	18,676	9.3
MAINE	6.0	$32,382	7,890	$40,272	70	2,753	6.8
MARYLAND	10.0	$163,254	132,850	$296,104	278	33,307	11.2
MASSACHUSETTS	10.0	$73,786	14,905	$88,691	85	16,009	18.1
MICHIGAN	10.0	$296,469	57,102	$353,571	194	44,447	12.6
MINNESOTA	10.0	$149,378	28,702	$178,080	160	16,686	9.4
MISSISSIPPI	10.0	$117,495	12,288	$129,784	153	17,947	13.8
MISSOURI	10.0	$188,493	31,564	$220,057	315	24,995	11.4
MONTANA	6.0	$68,512	19,585	$88,096	116	8,714	9.9
NEBRASKA	10.0	$92,570	4,940	$97,510	113	8,761	9.0
NEVADA	10.0	$55,342	20,350	$75,692	34	11,520	15.2
NEW HAMPSHIRE	10.0	$36,388	3,078	$39,466	39	4,284	10.9
NEW JERSEY	10.0	$287,700	27,479	$315,178	166	35,369	11.2
NEW MEXICO	11.3	$87,754	20,017	$107,771	69	11,511	10.7
NEW YORK	12.0	$467,177	127,755	$594,932	248	80,735	13.6
NORTH CAROLINA	10.0	$149,911	77,891	$227,802	130	22,429	9.8
NORTH DAKOTA	8.0	$61,568	4,578	$66,146	78	6,399	9.7
OHIO	10.0	$330,263	84,429	$414,692	314	62,705	15.1
OKLAHOMA	10.0	$112,942	48,885	$161,827	119	21,040	13.0
OREGON	10.0	$122,010	9,059	$131,069	151	14,507	11.1
PENNSYLVANIA	10.0	$588,539	234,794	$823,333	950	89,361	10.9
PUERTO RICO	30.0	$32,592	184	$32,776	36	23,879	72.9
RHODE ISLAND	10.0	$26,311	28,241	$54,552	49	5,582	10.2
SOUTH CAROLINA	10.0	$99,523	9,251	$108,774	145	11,005	10.1
SOUTH DAKOTA	10.0	$46,561	13,398	$59,959	140	6,728	11.2
TENNESSEE	10.0	$151,837	48,169	$200,006	152	21,333	10.7
TEXAS	10.0	$742,149	198,395	$940,544	347	125,153	13.3
UTAH	10.0	$62,944	33,065	$96,009	81	11,605	12.1
VERMONT	10.0	$22,939	7,749	$30,688	32	5,610	18.3
VIRGINIA	10.0	$243,715	145,616	$389,331	183	42,985	11.0
WASHINGTON	10.0	$122,353	40,691	$163,044	158	18,335	11.2
WEST VIRGINIA	10.0	$111,586	59,163	$170,750	215	17,843	10.4
WISCONSIN	10.0	$157,540	8,685	$166,225	358	16,715	10.1
WYOMING	5.5	$54,492	17,844	$72,336	55	4,538	6.3
TOTALS:		$8,356,830	$2,561,214	$10,918,044	11,264	$1,344,017	12.3

SENATOR LAUTENBERG: List the Rural Transportation Assistance Projects (RTAP) let to date in Fiscal Year 1987 with a brief description of the award including amount.

ANSWER: The following table entitled "Rural Transportation Assistance Projects Status of Funding - Fiscal Year 1987" shows the status of RTAP projects as of March 26, 1987.

RURAL TRANSPORTATION ASSISTANCE PROJECTS
STATUS OF FUNDING -- FISCAL YEAR 1987

	PROJECT	AWARD	DESCRIPTION
1.	Extend, Expand, and Support Technology Transfer (T2) Center Program	$ 2,258,270	Established T2 Centers, extended 20 existing Centers, funded T2 Clearinghouse, funded pavement management studies, funded conference on micro-computer programs, purchased training materials and publications.
2.	Rural Road Surface Management Training and Support	$ 104,721	Continued efforts to develop computer software for analyzing unpaved sections and to identify more effective asphalt patching materials.
3.	Rural Bridge Project Activities	$ 159,500	Efforts to develop guidelines for hydraulic design of bridges and drainage systems, and enhance software to analyze bridges and bridge trusses.
4.	Highway Safety for Rural and Small Urban Areas	$ 9,556	Train-the-trainer presentations.
5.	Basic Skills Training	$ 15,500	Training for minorities at the laborer, crew chief, and small contractor's supervision level.
	TOTAL	$ 2,547,547	

SENATOR LAUTENBERG: Provide for fiscal year 1985, 1986, and 1987 the discretionary program amounts authorized and obligated for the Federal-aid highways account and Access Highways to Lakes.

ANSWER: Following are the authorizations and obligations for fiscal years 1985 through 1987 for the discretionary programs:

	AUTHORIZATIONS		
	1985	1986 **	1987
Interstate Construction Discretionary	300,000,000	287,100,000	300,000,000
Interstate Substitution Discretionary	175,000,000	173,426,250	0
Bridge Discretionary	200,000,000	200,000,000	0
Access Highways to Lakes - Appropriations *	5,000,000	9,785,000	5,000,000
TOTAL	680,000,000	670,311,250	305,000,000

* This is a general funded program with funds appropriated in appropriations acts. In recent years, authorizing legislation has not preceded appropriations.

** Reflects reductions pursuant to Gramm-Rudman-Hollings legislation (P.L.99-177)

	OBLIGATIONS		
	1985	1986	1987 *
Interstate Construction Discretionary	479,824,301	779,782,594	574,474,029
Interstate Substitution Discretionary	174,947,166	173,456,250	(1,250,671)
Bridge Discretionary	206,272,847	215,252,933	(4,392,405)
Access Highways to Lakes	5,000,000	2,347,000	0
TOTAL	866,044,314	1,170,838,777	568,830,953

* Obligations as of February 28, 1987.

EMERGENCY RELIEF OBLIGATIONS

SENATOR LAUTENBERG: The ceiling for individual States for emergency relief funds has been adjusted to meet particular States, circumstances. List by State the amount of ER funds obligated fiscal years 1984, 1985 and 1986.

ANSWER: A table showing the obligations is attached.

EMERGENCY RELIEF
Obligations
($millions)

	FY '84 Obl.	FY '85 Obl.	FY '86 Obl.
ALABAMA	(0.1)	(0.1)	0.0
ALASKA	0.0	(0.3)	0.0
ARIZONA	10.7	9.6	3.3
ARKANSAS	7.5	0.5	0.4
CALIFORNIA	62.7	20.1	74.5
COLORADO	2.0	1.6	5.3
CONNECTICUT	2.4	4.7	0.8
DELAWARE	0.0	0.0	0.0
DIST. OF COL.	0.0	0.0	(0.1)
FLORIDA	0.0	0.0	0.8
GEORGIA	0.0	0.0	0.0
HAWAII	1.4	1.1	(0.5)
IDAHO	3.4	0.3	0.9
ILLINOIS	0.0	0.0	0.0
INDIANA	0.0	0.0	0.0
IOWA	0.0	0.0	0.0
KANSAS	0.0	0.2	0.6
KENTUCKY	(0.6)	1.1	(0.8)
LOUISIANA	1.0	0.8	2.4
MAINE	0.0	0.0	0.0
MARYLAND	(0.1)	0.1	(0.1)
MASSACHUSETTS	(0.1)	0.0	0.0
MICHIGAN	0.0	0.0	1.4
MINNESOTA	0.0	0.0	0.0
MISSISSIPPI	2.5	4.4	(0.3)
MISSOURI	0.0	0.0	0.0
MONTANA	(0.3)	(0.1)	0.4
NEBRASKA	0.0	0.9	0.1
NEVADA	1.5	4.0	2.7
NEW HAMPSHIRE	0.0	0.0	0.0
NEW JERSEY	0.9	0.0	0.0
NEW MEXICO	0.0	0.0	0.0
NEW YORK	0.9	0.0	0.0
NORTH CAROLINA	(0.6)	7.3	0.2
NORTH DAKOTA	0.0	0.0	0.0
OHIO	(0.7)	0.0	0.0
OKLAHOMA	1.8	0.8	0.9
OREGON	1.2	0.9	3.9
PENNSYLVANIA	(3.1)	0.0	3.4
RHODE ISLAND	0.0	0.0	0.0
SOUTH CAROLINA	0.0	0.0	0.0
SOUTH DAKOTA	0.0	1.5	0.3
TENNESSEE	2.6	2.1	0.2
TEXAS	0.5	0.5	(0.3)
UTAH	14.9	4.7	7.8
VERMONT	1.0	0.6	0.0
VIRGINIA	(0.3)	0.0	5.8
WASHINGTON	2.6	3.3	6.5
WEST VIRGINIA	3.4	0.8	25.4
WISCONSIN	0.0	0.0	0.0
WYOMING	0.0	0.0	0.0
PUERTO RICO	0.0	0.1	1.1
VIRGIN ISLANDS	0.0	0.0	0.0
Subtotals:	119.0	71.5	147.0
BIA	0.3	1.4	0.5
BLM	0.0	0.4	0.1
FOREST SERVICE	15.8	11.2	10.4
PARK SERVICE	2.2	2.2	0.2
Subtotals:	18.3	15.2	11.2
TOTALS:	137.3	86.7	158.2

GREAT SALT LAKE

SENATOR LAUTENBERG: What is the status of the Utah request associated with the Great Salt Lake elevating?

ANSWER: The FY 1987 Urgent Supplemental Appropriations Act (P.L. 99-349) authorized $5 million to prevent continuing flooding of I-80 by the rising levels of the Great Salt Lake. We allocated Utah $2,200,000 in July 1986, and the remaining $2,800,000 in December. This money came from the emergency relief (ER) account.

In addition to the ER funds, other Federal funds have also been used. About $28.8 million of I-4R funds have been obligated. Another $1.2 million is estimated to be needed.

REQUESTED REPORTS

SENATOR LAUTENBERG: The Committee requested (page 39, Senate Report 99-423) to be kept informed of the feasibility of additional privatization at the Turner-Fairbank Research Center and the in-house study on the overall effectiveness of the FHWA Technology Transfer Program. For the record provide an executive summary on both the Technology Transfer Program and the privatization of Turner-Fairbank.

ANSWER: Through a task order to a Department of Transportation contract, the Arthur Young Company conducted two privatization studies at the Turner-Fairbank Highway Research Center: (a) a functional analysis to determine which RD&T functions are inherently governmental; and (b) an investigation of potential non-Federal organizational arrangements for conducting RD&T activities. The contractor's report for the first study, which has been completed, indicated 95 percent of RD&T functional activities are inherently governmental in nature or cannot be severed for privatization purposes. The second study, which has been submitted in draft form, assessed several non-Federal entity models for operating Turner-Fairbank, such as:

a. Creation of a State and Federal Corporation operated by AASHTO.

b. Management by a non-profit association (e.g., National Academy of Sciences).

c. Management by a University or Consortia.

The study reports will undergo a thorough review within the Department leading to the development of a formal position concerning the conclusions and recommendations. This should occur within the next month.

A third study in the Arthur Young contract was intended to evaluate the effectiveness of the Technology Transfer Program. However, the contractor was notified of the Government's intent to terminate the task order before this study was completed.

SENATOR LAUTENBERG: The Conference Committee Report 99-1005 requested FHWA a report on the high occupancy vehicle restrictions on Virginia Interstates I-66, I-395. That report was due March 1, 1987, where is it?

ANSWER: The final report has been completed and is being reviewed by the Office of the Secretary prior to submittal to Congress. The original deadline of March 1, 1987, has been extended to March 31, 1987.

The operational analyses of Interstate 66 indicate that the current hours of restricted operation, 6:30-9:00 a.m. and 4:00-6:30 p.m., and the vehicle occupancy requirement of three or more person (HOV-3) are appropriate.

On Interstate 395 (Shirley Highway), the current hours of restricted operation, 6:00-9:00 a.m. and 3:30-6:00 p.m., and vehicle occupancy requirement (HOV-4) are appropriate, with the exception of the end of the evening period. By ending the HOV restrictions at 6:00 p.m., a substantial number of HOVs are being adversely affected between 6:00-6:30 p.m. Therefore, the Virginia Commonwealth Transportation Board's decision to extend the hours of the evening HOV restricted period to 6:30 p.m., effective March 2, 1987, is appropriate.

SENATOR LAUTENBERG: Provide the Committee an executive summary of that study for inclusion in the record.

ANSWER: Following is the Executive Summary.

EXECUTIVE SUMMARY

The Department of Transportation and Related Agencies FY 1987 Appropriations Act (P.L. 99-519) directed the U.S. Secretary of Transportation to study and report on the effect of the current High Occupancy Vehicle (HOV) restrictions, e.g., the hours of operation and the number of persons required for each vehicle, on Interstate Highways 66 and 395, the "Shirley Highway," in Northern Virginia.

The Study was performed by Federal Highway Administration (FHWA) Headquarters personnel in consultation with the Virginia Department of Transportation (VDOT) and FHWA Region and Division Offices.

The study evaluated the operation of both the I-66 and I-395 HOV facilities during the morning and evening rush hours. The analyses were performed using existing traffic demands based on a limited amount of vehicle and vehicle occupancy count data and projected future traffic demand.

The operational analyses of I-66 indicate that the current hours of restricted operation and the vehicle occupancy requirement of 3 or more persons (HOV-3) are appropriate. It was noted, however, that the quality of service during the first 15 minutes of the morning restricted period is being adversely affected by a large number of non-HOV's rushing onto the facility just prior to the beginning of the HOV restricted period. As a result, the "effective" HOV period of operation really does not begin until 6:45 a.m. The VDOT's program of periodic monitoring of the HOV restricted periods will determine if further modifications to the HOV operating rules are necessary.

The operational analyses of the I-395 HOV facility indicates that the current hours of operation and vehicle occupancy requirement are appropriate, with the exception of the end of the evening HOV restricted period. By ending the HOV restrictions at 6 p.m., a substantial number of high occupancy vehicles are being adversely affected between 6:00-6:30 p.m. by the elimination of the travel time saving offered by the HOV restrictions. Therefore, the Virginia Commonwealth Transportation Board's decision to extend the hours of the evening HOV restricted period to 6:30 p.m., effective March 2, 1987, is appropriate.

Both the I-66 and I-395 facility support the Metropolitan Washington Council of Governments and the Transportation Planning Board's adopted policy contained in the Transportation Plan for the National Capital Region. The plan includes a policy objective to improve and expand regional ridesharing activities by promoting carpools, vanpools, and other high occupancy vehicle programs (including providing preferential treatment for such vehicles). Therefore, any operation of the HOV facilities must consider the impact on the region's objective of promoting high occupancy vehicles through preferential treatment.

The evaluation of an HOV facility requires the collecting of a large amount of traffic data. In addition, this data should be collected over a long period of time as the facility is accepted and matures. Recognizing this need, the VDOT has established a traffic data collection program for HOV facilities. This program will provide a greater amount of data resources needed for in-depth assessment of the effectiveness of a facility over time to determine if further HOV modifications are needed.

This study and report, which was prepared by FHWA personnel, is not intended in any way to intercede in or circumvent the traditional roles of FHWA and the State in administering the Federal-aid highway program. Both HOV facilities studied are located in the State of Virginia, however, since the termini of the I-395 facility is in the District of Columbia, the VDOT coordinates the facility operation with District officials. These facilities are owned and maintained by the VDOT who are wholly responsible for the operational control of each facility. Therefore, the State of Virginia should determine how the facilities are to operate.

DISCRETIONARY BRIDGE PROGRAM

SENATOR LAUTENBURG: For the record, list by State and project the discretionary funds released by the Secretary in fiscal years, 1985, 1986 and to date in fiscal year 1987.

ANSWER:

Funded Projects FY 1985

Bridge Name	State	Discretionary Bridge Funds Received in FY 1985
Cochrane	AL	$ 30,102,000.00
Mission Bay Channel	CA	10,100,000.00
Russian River (Preston)	CA	1,957,000.00
Colfax-Larimer	CO	18,820,000.00
Francis Scott Key	DC	16,000,000.00
Bonners Ferry	ID	526,700.00
Keokuk	IL	2,600,000.00
Miss. River (Quincy)	IL	508,121.00
US 36 (Florence)	IL	2,500,000.00
Burlington	IA	47,000.00
Keokuk	IA	86,642.42
Nebraska City	IA	1,040,000.00
Million Dollar	ME	160,000.00
High	MN	1,562,916.00
Natchez-Vidalia	MS	22,400,000.00
ASB	MO	3,300,000.00
Pulaski Skyway	NJ	108,096.00
Manhattan	NY	2,800,000.00
Queensboro	NY	37,664,000.00
Rouses Point	NY	9,548,110.00
Hupple St. Viaduct	OH	7,126,593.00
Monongahela River	PA	12,800,000.00
Rochester-Monaca	PA	14,000,000.00
Alvin York	TN	9,280,000.00
Rouses Point	VT	9,548,110.00
	Total	$214,585,288.42

Funded Projects FY 1986

Bridge Name	State	Discretionary Bridge Funds Received in FY 1986
Cochrane	AL	$ 34,079,529.00
Golden Gate	CA	4,560,000.00
Russian River (Preston)	CA	18,800,000.00
13th Street	GA	8,480,000.00
Old Town	ID	8,100,000.00
US 36 (Florence)	IL	20,912,468.28
Franklin Street	IL	770,000.00
Staley Viaduct	IL	960,000.00
Nebraska City	IA	567,720.00
Burlington	IA	990,400.00
Keokuk	IA	75,000.00
Natchez-Vidalia	LA	980,576.00

Bridge Name	State	Discretionary Bridge Funds Received in FY 1986
Million Dollar	ME	1,200,000.00
US 50-301/Severn River	MD	11,200,000.00
Wabasha	MN	1,760,000.00
High	MN	14,799,000.00
Natchez-Vidalia	MS	2,500,000.00
ASB	MO	348,235.00
US 67/Missouri River	MO	609,580.68
Nebraska City	NE	262,280.00
Notre Dame	NH	7,300,000.00
Brooklyn	NY	50,573,561.00
Manhattan	NY	720,000.00
Queensboro	NY	7,080,000.00
Sampit River	SC	200,000.00
James Island	SC	12,000,000.00
Weirton-Steubenville	WV	500,000.00
Wabasha	WI	1,760,000.00
Williams Viaduct	VA	12,000,000.00
	Total	$224,088,349.96

Funded Projects FY 1987

Bridge Name	State	Discretionary Bridge Funds Received in FY 1987
Burlington	IA	$ 96,000.00
	Total	$ 96,000.00

SENATOR LAUTENBURG: In addition to listing the Grant's made, provide a listing by State of the requests made to the Secretary for fiscal years 1985, 1986 and 1987 (including rating and ranking factor, total project cost and the Federal funds requested).

ANSWER:

UNFUNDED PROJECTS: FY 85 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-Aid Funds Requested for FY 85
1.01	Fish. Channel	CA	$14,200,000.00	$1,100,000.00
1.85	McKees Rocks	PA	12,100,000.00	565,000.00
2.47	Sixth Street	WV	29,500,000.00	2,000,000.00
3.38	Williamsburg	NY	286,800,000.00	2,800,000.00
3.39	W. Crumpton	AL	10,227,000.00	8,181,600.00
3.86	Milton	PA	10,600,000.00	1,520,000.00
4.00	Wabasha	WI	14,900,000.00	1,280,000.00
4.44	Arroyo	CA	10,750,000.00	800,000.00

5.35	Port Vue	PA	17,000,000.00	800,000.00
5.45	US 27/Ohio	KT	18,500,000.00	1,360,000.00
5.48	SR115/Mo	MO	41,000,000.00	80,000.00
5.53	Catawissa	PA	11,475,000.00	920,000.00
5.69	23rd St.	CO	17,541,867.00	1,400,000.00
5.72	US-50-301/Se	MD	16,500,000.00	13,200,000.00
5.74	Tarentum	PA	12,900,000.00	9,600,000.00
5.83	Potato Slough	CA	12,833,750.00	1,000,000.00
5.90	IL SR 146/Ms	MO	32,500,000.00	80,000.00
5.97	Rt 9/Bass	NJ	16,500,000.00	1,200,000.00
6.29	Clair-Glass	PA	23,000,000.00	16,800,000.00
6.41	Maynard St	PA	10,800,000.00	280,000.00
6.51	Bloomsburg	PA	10,635,000.00	640,000.00
6.54	SR 5/Mo	MO	19,875,000.00	600,000.00
6.84	Williams V.	VA	18,750,000.00	1,800,000.00
6.86	Rt 9/Rar. R.	NJ	12,300,000.00	880,000.00
6.92	Sixth St/Sag	MI	30,800,000.00	1,360,000.00
7.91	Old Will-Mar.	WV	20,000,000.00	1,600,000.00
8.26	SR 115/Tenn	TN	17,000,000.00	640,000.00
8.71	Chelyan	WV	48,500,000.00	1,200,000.00
9.59	Prescott	WI	11,800,000.00	1,120,000.00
9.87	Bloom. Ferry	MN	39,750,000.00	2,200,000.00
10.38	Rt 1&9 NB/WY	NJ	11,100,000.00	8,880,000.00
10.43	Rufus King	AL	15,483,000.00	80,000.00
10.55	Notre Dame	NH	24,800,000.00	1,440,000.00
10.95	US 50/Chop.	MD	57,680,000.00	15,000,000.00
11.75	Father Baker	NY	12,770,000.00	1,920,000.00
12.48	Lewisburg	PA	10,600,000.00	220,000.00
15.18	SR 8/Tenn	TN	18,000,000.00	240,000.00
16.97	Roanoke River	NC	10,200,000.00	8,160,000.00
19.35	US 52/Ms R.	IA	12,000,000.00	250,000.00
19.38	Alsea Bay	OR	40,400,000.00	800,000.00
22.76	Danville	PA	12,700,000.00	400,000.00
23.79	Russ. (Guern)	CA	12,300,000.00	1,722,000.00
24.71	Lake Street	MN	16,200,000.00	800,000.00
28.27	W. Baum Roa.	NC	18,000,000.00	160,000.00
29.06	Pearl Road	OH	16,700,000.00	13,360,000.00
30.88	Santa Clara	CA	16,235,000.00	1,200,000.00
32.91	US 40/Mo	MO	23,200,000.00	8,900,000.00
33.58	Wells Ave	NV	12,700,000.00	80,000.00
33.69	Rt 1&9 SB/WY	NJ	46,000,000.00	3,200,000.00
35.71	G. Houston	AL	11,581,000.00	356,000.00
38.15	Packer Island	PA	16,650,000.00	340,000.00
39.29	US 63-Jeff C.	MO	29,700,000.00	600,000.00
41.83	13th St. Via.	GA	14,000,000.00	11,200,000.00
44.46	Nueces B. Sb.	TX	11,800,000.00	9,440,000.00
44.54	Founders	CN	25,500,000.00	1,600,000.00
45.31	US 81/Mo	SD	10,600,000.00	200,000.00
45.55	Bainbridge St	PA	27,200,000.00	20,485,000.00
49.72	SR 291/Mo R.	MO	13,700,000.00	1,360,000.00
55.86	Willow Slough	KT	17,510,000.00	1,200,000.00
55.89	Clark (US67)	IL	68,740,000.00	1,560,000.00
59.67	Edison	FL	34,165,000.00	280,000.00
61.64	Acosta	FL	77,000,000.00	7,040,000.00
62.90	Fitzhugh	TN	18,500,000.00	14,800,000.00

74.01	Millhollin	GA	12,400,000.00	9,920,000.00
78.13	Suspension	KT	30,600,000.00	2,080,000.00
91.44	US 30 (Blair)	NE	10,500,000.00	320,000.00
97.74	City Waterway	WA	24,600,000.00	350,000.00
99.68	West Pennway	MO	12,000,000.00	400,000.00
106.78	St. Francis	AR	11,500,000.00	800,000.00
111.52	James Island	SC	99,000,000.00	14,180,000.00
130.60	US 36/Ms R.	MO	25,200,000.00	80,000.00
176.54	Ebey Slough	WA	85,000,000.00	300,000.00
184.83	O. Underwood	AL	13,187,000.00	10,549,600.00
206.09	NC 32/Alb.	NC	28,500,000.00	22,800,000.00
348.42	US 36 (Flo)	IL	38,587,500.00	30,800,000.00
514.48	Long	AL	10,200,000.00	308,000.00
699.05	Talmadge	GA	122,400,000.00	1,440,000.00

UNFUNDED PROJECTS FY: 86 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 86
.95	West End	PA	$13,200,000.00	$ 400,000.00
1.47	14th Street	GA	11,529,000.00	800,000.00
3.04	Il SR 146/Ms	MO	32,500,000.00	80,000.00
3.21	Williamsburg	NY	286,800,000.00	4,000,000.00
4.36	Niantic River	CN	37,288,750.00	2,800,000.00
4.94	Port Vue	PA	17,000,000.00	1,600,000.00
5.02	SR 115/MO R.	MO	41,000,000.00	80,000.00
5.04	SR 5/Mo. R.	MO	16,900,000.00	80,000.00
5.11	Catawissa	PA	11,475,000.00	7,900,000.00
5.53	23rd Street	CO	17,541,867.00	1,400,000.00
5.58	Arroyo Seco	CA	13,500,000.00	1,120,000.00
5.92	Maynard St.	PA	10,800,000.00	925,000.00
6.34	Potato Slough	CA	12,928,750.00	578,000.00
6.53	Brickell Ave	FL	10,369,000.00	408,000.00
6.86	SR 115/Tenn R	TN	15,219,000.00	240,000.00
7.68	Sixth St/Sag	MI	30,800,000.00	1,360,000.00
7.70	Prescott	WI	12,840,000.00	1,120,000.00
7.83	Old Will-Mar	WV	20,000,000.00	1,600,000.00
9.00	W. Crumpton	AL	16,726,223.00	13,380,978.00
9.68	South Slough	OR	12,900,000.00	960,000.00
10.09	Bloom. Ferry	MN	43,450,000.00	2,200,000.00
10.14	Appomattox	VA	13,200,000.00	240,000.00
10.42	Walnut St.	PA	28,000,000.00	20,960,000.00
10.87	Milton	PA	10,600,000.00	8,080,000.00
11.14	SR 8/Tenn R.	TN	16,200,000.00	240,000.00
11.22	Bainbridge	PA	7,700,000.00	6,160,000.00
11.63	Rt 147/Grass	NJ	19,500,000.00	1,200,000.00
11.67	Gir. & Bel.	PA	19,900,000.00	13,984,000.00
11.79	Lewisburg	PA	10,600,000.00	644,000.00
13.34	Highland Pk	PA	18,310,000.00	14,648,000.00
13.94	Dan Ryan Epy	IL	108,310,000.00	15,120,000.00
14.77	Tarentum	PA	12,900,000.00	9,600,000.00
15.84	Brook-Brigh	OH	20,460,000.00	15,680,000.00
16.44	Rt 152/Bd. Th	NJ	24,500,000.00	19,600,000.00

16.48	North Star	MN	10,400,000.00	400,000.00
16.95	Rt 1&9/WY.	NJ	46,000,000.00	33,600,000.00
17.26	Alsea Bay	OR	40,400,000.00	1,920,000.00
17.30	Mifflinville	PA	13,300,000.00	1,040,000.00
18.98	Kings Highway	VA	13,700,000.00	640,000.00
19.10	Lake Street	MN	17,720,000.00	800,000.00
20.06	Ford City	PA	19,263,750.00	1,200,000.00
20.10	Father Baker	NY	23,000,000.00	3,722,000.00
20.90	Shadle	WV	15,000,000.00	1,200,000.00
21.04	Danville	PA	12,700,000.00	1,107,000.00
21.23	Wells Ave	NV	12,700,000.00	210,000.00
22.40	Little Col	AZ	7,500,000.00	6,000,000.00
23.74	US 84/Red R.	LA	16,000,000.00	12,800,000.00
26.14	US 40/Mo. R.	MO	23,200,000.00	5,000,000.00
26.97	US 27/Oh. R.	KT	30,000,000.00	2,080,000.00
27.19	McKees Rock	PA	17,640,000.00	12,800,000.00
32.19	Santa Clara	CA	16,235,000.00	600,000.00
33.28	Port Orange	FL	13,140,000.00	1,007,200.00
35.09	US 63/Mo. R.	MO	29,700,000.00	600,000.00
36.92	City Waterway	WA	25,900,000.00	370,000.00
37.20	Packer Island	PA	16,650,000.00	11,700,000.00
42.76	Nueces Bay-NB	TX	10,200,000.00	8,160,000.00
42.79	US 81/Mo. R.	SD	10,600,000.00	200,000.00
44.67	Nueces Bay-SB	TX	11,800,000.00	9,440,000.00
47.06	SR 291/Mo. R.	MO	13,700,000.00	80,000.00
47.88	US 30/Mo. R.	NE	10,807,100.00	6,320,000.00
48.35	Edison	FL	45,036,000.00	360,000.00
48.47	South St. Via	NJ	21,000,000.00	800,000.00
49.25	Constitution	PA	11,100,000.00	400,000.00
55.80	W. Baum-Roa.	NC	18,000,000.00	14,400,000.00
56.73	Ouachita	AR	11,000,000.00	8,000,000.00
58.74	Ebey Slough	WA	94,000,000.00	300,000.00
67.99	Willow Slough	KT	17,510,000.00	1,200,000.00
68.14	Red R. Buhlow	LA	35,000,000.00	700,000.00
74.02	Acosta	FL	78,275,000.00	236,000.00
84.67	Suspension	KT	30,600,000.00	2,080,000.00
90.01	Dickey Pl	IN	14,805,000.00	11,844,000.00
94.19	Jewfish Ck	FL	36,939,000.00	440,000.00
102.04	Arch St	PA	13,400,000.00	800,000.00
103.38	US 67/Ms. R.	MO	70,542,000.00	800,000.00
106.42	Market St	WV	25,000,000.00	1,600,000.00
117.20	Fitzhugh	TN	39,954,000.00	31,963,200.00
119.89	West Pennway	MO	15,250,000.00	8,800,000.00
131.00	US 36/Ms. R.	MO	25,200,000.00	80,000.00
150.12	Boyn Beach	FL	16,814,000.00	2,056,800.00
156.67	Wheeling Sus.	WV	25,000,000.00	1,500,000.00
194.99	Eagle Ave.	OH	40,000,000.00	960,000.00
211.05	Charter Oak	CN	140,000,000.00	8,600,000.00
473.10	Talmadge	GA	82,000,000.00	27,600,000.00

FUNDED PROJECTS: - FY 87 REQUESTS

Bridge Name	State	Total Project Cost	Federal-aid Funds Requested for FY 87
Notre Dame	NH	$ 31,600,000.00	$ 5,000,000.00
Manhattan	NY	189,720,000.00	10,800,000.00
Williams Via.	VA	19,100,000.00	3,280,000.00
James Island	SC	137,881,000.00	26,090,000.00
Staley Viaduct	Il	31,850,000.00	24,170,000.00
Franklin St	Il	45,590,000.00	190,000.00
Burlington	Il(IA)	37,300,000.00	1,373,000.00
Wabasha	MN(WI)	12,646,700.00	7,900,000.00
Keokuk	IA	27,500,000.00	400,000.00
ASB	MO	47,500,000.00	2,800,000.00
Nebraska City	NE	15,160,000.00	450,000.00
Golden Gate	CA	76,000,000.00	760,000.00

Note: Rating factors are not computed annually for funded (continuing) projects.

UNFUNDED PROJECTS: -- FY 87 REQUESTS

Rating Factor	Bridge Name	State	Total Project Cost	Federal-Aid Funds Requested For FY 1987
.33	Speer Blvd.	CO	$ 23,250,000.00	$ 18,600,000.00
.91	Fish. Channel	CA	14,100,000.00	9,740,000.00
1.06	14th Street	GA	11,529,000.00	800,000.00
1.17	Red R. (Buhlow)	LA	35,000,000.00	1,200,000.00
1.48	West Pennway	MO	17,000,000.00	4,602,000.00
2.77	23rd St. Via.	CO	10,800,000.00	8,640,000.00
2.92	Univ. Hts.	NY	13,200,000.00	10,400,000.00
3.01	Williamsburg	NY	290,600,000.00	48,560,000.00
3.03	Wisc. Ave.	WI	13,000,000.00	240,000.00
3.16	IL SR 146/Ms R	MO	35,605,000.00	84,000.00
3.53	Rufus King	AL	16,760,000.00	11,280,000.00
3.55	NJ 18/S. Rv.	NJ	12,300,000.00	160,000.00
3.83	Sixth St.	WV	27,000,000.00	2,000,000.00
5.05	Arroyo Seco	CA	13,500,000.00	1,120,000.00
5.51	SR 5/Mo. Rv.	MO	16,900,000.00	84,000.00
5.90	Wm. Crumpton	AL	13,233,375.00	10,590,000.00
5.98	Rt. 9/Raritan	NJ	12,700,000.00	600,000.00
6.16	SR 115/Tenn	TN	15,219,000.00	10,080,000.00
6.22	South Slough	OR	11,800,000.00	160,000.00
6.27	Wells Ave.	NV	13,081,000.00	216,300.00
6.52	Old Will-Mar	WV	18,000,000.00	4,000,000.00
6.56	SR 115/MO Rv.	MO	54,440,000.00	1,029,000.00
7.63	Chelyan	WV	47,000,000.00	2,000,000.00
7.96	Potato Slough	CA	19,574,000.00	268,000.00
8.03	6th St/Sag Rv	MI	30,800,000.00	1,700,000.00
8.60	Appomattox	VA	13,200,000.00	240,000.00
9.39	Prescott	WI	15,514,000.00	1,211,200.00
10.42	Bloom. Ferry	MN	46,750,000.00	2,200,000.00
11.00	Girard & Bel.	PA	17,800,000.00	13,120,000.00

11.14	Newark Viad.	NJ	28,097,000.00	240,000.00
11.70	SR 8/Tenn R.	TN	16,200,000.00	240,000.00
12.66	Walnut St.	PA	32,500,000.00	25,040,000.00
12.77	Founders	CN	19,600,000.00	5,000,000.00
16.34	North Star	MN	10,400,000.00	400,000.00
17.54	Dan Ryan Epy	IL	141,438,000.00	18,300,000.00
18.88	Alsea Bay	OR	44,000,000.00	20,000,000.00
19.43	Bay St. Viad	GA	11,160,000.00	48,000.00
20.15	Father Baker	NY	26,690,500.00	2,400,000.00
21.21	Rt 1&9/WY	NJ	62,000,000.00	1,600,000.00
21.53	Santa Clara R	CA	12,940,000.00	38,000.00
22.92	Rus. (Guern)	CA	13,062,500.00	154,000.00
23.71	Little CO Rv	AZ	8,500,000.00	6,500,000.00
23.85	US84/Red Rv	LA	16,000,000.00	4,000,000.00
24.45	NJ 36/Shrews.	NJ	13,118,000.00	800,000.00
24.97	Pt. Orange Cwy	FL	14,200,000.00	11,360,000.00
25.81	US 40/Mo R.	MO	26,530,000.00	5,300,000.00
32.00	Clearwater Mem	ID	18,400,000.00	880,000.00
32.95	Lake St.	MN	20,250,000.00	750,000.00
35.57	US 63/Jeff Cy	MO	29,700,000.00	630,000.00
41.87	City Waterwy	WA	27,000,000.00	100,000.00
45.72	Ouachita Rv	AR	10,232,000.00	800,000.00
46.18	SR 291/MO Rv.	MO	13,700,000.00	84,000.00
49.74	US 50/Nant.	MD	41,303,750.00	33,043,000.00
52.23	Dickey Place	IN	14,805,000.00	11,844,000.00
53.59	US 30 (Blair)	NE	10,800,000.00	1,082,200.00
54.30	Sabine River	TX	15,000,000.00	12,000,000.00
54.80	US67 Clark Al.	IL	71,000,000.00	6,200,000.00
56.18	Willow Slough	KY	17,510,000.00	8,000.00
61.19	Ebey Slough	WA	94,000,000.00	100,000.00
68.37	Thomas Edison	FL	30,165,000.00	800,000.00
78.68	W. Baum Roa.	NC	24,900,000.00	19,840,000.00
87.58	Charter Oak	CN	74,800,000.00	26,800,000.00
88.24	Acosta	FL	111,165,000.00	4,600,000.00
110.69	Baldwin	CN	154,500,000.00	2,000,000.00
123.06	Paris Land.	TN	39,954,000.00	31,963,200.00
142.17	US 36/MS Rv.	MO	26,530,000.00	84,000.00
499.41	Dr. M. L. King	IL	55,530,000.00	840,000.00
563.18	Talmadge	GA	96,850,000.00	36,480,00.00

SENATOR LAUTENBURG: Please update the tables with headings provided the committee last year pages 386, 387 and 388 of Senate hearing Report 99-721, Part I.

ANSWER: The information on the table with the heading 'Unfunded Projects' (pages 386 and 387) provided to the Committee last year is included in the answer to the preceding question. Please refer to the table above with the heading 'Unfunded Projects: FY 87 Requests.'

The information on the table with the heading 'Discretionary Bridge Program: Federal Funds Needed to Complete Projects Already Begun' (pages 387 and 388) provided to the Committee last year is updated below.

DISCRETIONARY BRIDGE PROGRAM

FEDERAL FUNDS NEEDED TO COMPLETE PROJECTS ALREADY BEGUN *

1.	Manhattan Bridge	NY	$112.0 million
2.	Queensboro Bridge	NY	111.3
3.	Million Dollar	ME	82.6
4.	Brooklyn Bridge	NY	80.6
5.	James Island	SC	75.0
6.	Franklin Street	IL	34.4
7.	US 34 at Burlington	IA&IL	28.2
8.	Main Avenue	OH	27.0
9.	Staley Viaduct	IL	24.2
10.	Notre Dame Bridge	NH	18.0
11.	Russian River (Preston)	CA	15.0
12.	Wabasha	WI&MN	7.9
13.	Williams Viaduct	VA	3.3
14.	ASB Bridge	MO	2.8
15.	Golden Gate	CA	2.5
16.	Nebraska City	NE&IA	.5
17.	Keokuk	IA&IL	.4
			$625.7 million

* Several other active projects may need small amounts of funding before completion. The total additional cost for these projects is not expected to exceed $3.0 million.

SENATOR LAUTENBURG: List the Discretionary Bridge rating factors, (regulation published November 17, 1983).

ANSWER: Section 161, P.L. 97-424, 23 U.S.C. 144 required the development of a rating factor to be used as part of the selection process for the allocation of discretionary bridge funds.

The following formula is to be used in the selection process for ranking discretionary bridge candidates:

$$\text{Ranking Factor (RF)} = \frac{SR}{D} \times \frac{TPC}{ADT'} \times \left[1 + \frac{\text{Unobligated HBRRP Balance}}{\text{Total HBRRP Funds Received}} \right]$$

The lower the ranking factor, the higher the priority for selection and funding.

The terms in the rating factor are listed below:

SR - Sufficiency Rating
D - Defense Highway System Status
TPC - Total Project Cost in millions of dollars
ADT'- Average Daily Traffic in thousands plus the Average Daily Truck Traffic in thousands using the most current values

The last term of the rating factor expression (in brackets) includes the State's unobligated balance of funds received under 23 U.S.C. 144 as of June 30 preceding the date of calculation, and the total funds received under 23 U.S.C. 144 for the last four fiscal years ending with the most recent fiscal year of the FHWA's annual call for discretionary bridge candidate submittals; (if unobligated Highway Bridge Replacement and Rehabilitation Program balance is less than $10 million, use zero balance).

TOLL FINANCING

SENATOR LAUTENBERG: Briefly describe the toll financing agreement reached in the conference on the highway legislation.

ANSWER: Section 120 of the H. R. 2 Conference Report establishes a toll pilot program that would permit Federal-aid financing of seven projects. These projects can be either new, non-Interstate System facilities, or reconstruction of existing non-Interstate System facilities to expand capacity, with a maximum 35 percent Federal share. Of the seven facilities, five were identified in the Conference Report to be in Orange County, California, the State of Texas, the State of Pennsylvania, the State of Florida, and the State of South Carolina. The other two projects will be chosen at the discretion of the Secretary, except that not more than two of the projects may be located in a State.

SENATOR LAUTENBERG: What effect does that have on new Interstate and primary road construction?

ANSWER: This provision will have no effect on new Interstate System highway construction since such facilities are precluded from participation. The effect on primary system construction cannot be determined until pilot projects have been selected.

SENATOR LAUTENBERG: How many miles of roads on the Federal Aid System are now toll roads? (By program)

ANSWER: Presently there are 3,235 miles of toll facilities on the Federal-aid system. Of this mileage, 2,447 miles are on the Interstate System, 731 miles are on the primary system, 20 miles are on the secondary system, and 37 miles are on the urban system.

SENATOR LAUTENBERG: List those programs under the F.Y. 1987 obligation ceiling imposed by the Continuing Appropriations Resolution.

ANSWER: The Federal-aid highway programs subject to the obligation limitation imposed by the Continuing Resolution for FY 1987 (P.L. 99-591) are as follows:

Interstate Construction
Interstate Gap Closing
Interstate 4R
Interstate Discretionary - Construction
Interstate 4R - Maryland
Interstate Discretionary - 4R
Rail-Highway Crossings on Any Public Road
Hazard Elimination
Consolidated Primary
Rural Secondary
Urban System
Highway Planning and Research
Metropolitan Planning

Public Lands
Indian Reservation Roads
Parkways and Park Highways
Forest Highways
Special Urban High Density
Special Bridge Replacement
Highway Bridge Replacement and Rehabilitation-
  Apportioned
  Discretionary
  Talmadge Bridge
Franconia Notch
Bypass Highway Demonstration
Integrated Motorist Information System Demo.
Urgent Supplemental Bridges
Interstate Transfers-
  Apportioned
  Discretionary
Los Angeles Freight Transportation Demo.-131(a)
Buhne Point Shoreline Erosion Demo.-131(c)
E. Baton Rouge Interchange Congestion Demo.-131(d)
Louisville Primary Connector Accel. Demo.-131(e)
Vermont Certification Demo.-131(f)
Devils Lake Erosion Demo.-131(g)
Bridge Over Intercoastal Waterway Demo.-131(h)
Idaho Truck Safety/Railroad Elim. Demo.-131(i)
Acosta Bridge

SENATOR LAUTENBERG: Provide the obligations made in fiscal years 1985, 1986, and estimated for 1987 by each of the exempt programs.

ANSWER: Following are the obligations by fiscal year for each of the programs exempt from the Federal-aid highways obligation limitation:

FUND	FY 1985	FY 1986	FY 1987 (estimate)
Bridge Acceleration	(15,225,004)	(2,169,633)	4,500,000
Alaska Highway	4,480,500	15,996,075	6,000,000
Emergency Relief	86,700,000	158,200,000	147,000,000
Illinois Usable Segments Demo.(131b)	21,783,481	7,918,079	90,000
Minimum Allocation	729,061,144	987,567,941	179,321,270
State of Art Gap Closing Demo.(131j)	(480,535)	64,832,185	14,000,000
Union Station	327,347	2,753,709	3,000,000
Woodrow Wilson Bridge	426,650	13,824,196	2,500,000
Zilwaukee Bridge	20,506,170	0	0
TOTAL	847,579,752	1,248,922,552	356,411,270

SENATOR LAUTENBERG: How confident is FHWA that the $50 billion estimate accurately reflects the cost to improve bridges eligible for HBRRP funds? What is the basis for the most recent cost estimate that FHWA made?

ANSWER: The estimate is based upon National Bridge Inventory data. Individual States estimate the costs of improvements on a bridge by bridge basis. These estimates are

then expanded to develop a nationwide total. The most current $51.4 billion total represents the cost to bring all existing eligible deficient bridges up to today's standards.

When evaluating the estimate, the following observations should be considered:

1. A significant percent, perhaps 10 to 20 percent, of these deficient bridges will never be improved. It is not cost-effective to improve all bridges which do not meet today's standards.
2. The cost estimates are as good as the individual State estimating procedures.
3. The FHWA has evaluated the cost using other procedures and is satisfied that the costs are a true representation of the amount required to improve all substandard bridges.

SENATOR LAUTENBURG: What methods does FHWA use to ensure that the National Bridge Inventory data base provides a reliable estimate of the number of bridges in need of rehabilitation and/or replacement?

ANSWER: Each year the FHWA conducts field reviews of State procedures and observes actual inspections carried out by State inspectors. Headquarters, Regional and Division office FHWA representatives participate in these reviews. Further, the data as submitted by the States to FHWA Headquarters is subjected to edit and logic checks.

As is expected, whenever such a large data base is assembled, some errors and mistakes do occur. However, the data gathered is generally accurate and very adequate for the purpose of administering the Nation's bridge program.

SENATOR LAUTENBURG: To what extent will the current level of funding contribute to the reduction of deficient bridges in the Nation?

ANSWER: The funding levels of the 1982 Surface Transportation Assistance Act and those proposed in HR 2 are generally adequate to keep pace with the Federal-aid system bridge needs for the near future. However, in order to make significant improvements in the overall condition of bridges not on the Federal-aid highway system, a combination of additional State, local and Federal-aid funds will be required.

Such programs as those proposed in Section 123(n) and 137 of HR 2 could be of significant assistance to local bridge owners. In particular, the Section 123(n) off-system bridge program was very effective in addressing Tennessee local bridge needs after its special authorization in the 1982 STAA.

In 5 to 10 years the Nation's bridge needs are expected to increase substantially as the large number of Federal-aid system bridges built in the 1950's through 1970's approach mid-life and need extensive rehabilitation.

SENATOR LAUTENBURG: Provide the cost to rehabilitate and replace deficient bridges by program on system and off-system. (replacement cost and rehabilitation cost)

ANSWER:

ESTIMATED COST OF REPLACING OR REHABILITATING DEFICIENT BRIDGES
ELIGIBLE FOR THE HBRRP
Costs Include Federal and State Shares

System	Bridges Eligible for Replacement or Rehabilitation (Sufficiency Rating < 50)	Estimated Replacement Cost (in Billions)	Bridges Eligible for Rehabilitation (Sufficiency Rating 50 - 80)	Estimated Rehabilitation Cost (in Billions)	Total Cost (in Billions)
Interstate	627	$ .7	3,695	$ 2.2	$ 2.9*
Primary	8,344	8.1	13,216	5.2	13.3
Secondary	13,650	4.8	14,884	2.0	6.8
Urban	4,363	5.1	5,079	2.2	7.3
Total Federal-Aid	26,984	$ 18.7	36,874	$11.6	$30.3
Off-system	107,661	16.7	48,789	4.4	21.1
Total	134,645	$ 35.4	85,663	$16.0	$51.4

* Interstate bridge needs are also eligible for funding under the Interstate Resurfacing, Restoration, Rehabilitation and Reconstruction Program.

SENATOR LAUTENBURG: Briefly describe the progress and/or problems FHWA has experienced FY 1986 and to date in getting States and local governments to adhere to the National Bridge Inspection Standards.

ANSWER: The States have made significant progress during the past year in meeting the frequency and load posting requirements of the National Bridge Inspection Standards. Because some local jurisdictions were not cooperative in fulfilling these duties with respect to ensuring that bridges are safe for public use, the FHWA temporarily suspended Federal-aid project approvals in approximately 150 local jurisdictions during the past two years. In most cases, this action has resulted in immediate local steps to achieve National Bridge Inspection Standards compliance, with a subsequent lifting of the temporary sanctions. These temporary sanctions occurred formally or informally in 10 to 12 States.

While the situation changes daily, only a few pockets of local non-compliance exist. These are generally located in poorer, rural counties.

LIMITATION ON GENERAL OPERATING EXPENSES

SENATOR LAUTENBERG: The limitation on general operating expenses assumes privatization of the FHWA research facility by contract with a non-Federal entity. How much would this save the Federal Government?

ANSWER: The results of the Arthur Young study are currently being reviewed and no decisions have been reached regarding the privatization issue.

SENATOR LAUTENBERG: What happens to the FHWA property and other assets at Turner-Fairbank?

ANSWER: The results of the Arthur Young study are currently being reviewed and no decisions have been reached regarding the FHWA property and other assets at Turner-Fairbank.

REVENUES TO MATCH NEEDS

SENATOR LAUTENBERG: According to most estimates, the highway needs are greater than the revenues coming into the Trust Fund. Has FHWA or the Administration rethought its position on raising the motor fuel tax?

ANSWER: The Administration is against any tax increases. Further, we feel that revenue from the current taxes will meet Federal highway needs through 1992.

SENATOR LAUTENBERG: Has FHWA studied the price elasticity of gasoline? If so what were the results? How price sensitive is the demand for gasoline? What would a 5-cent gas tax do to gasoline consumption?

ANSWER: In cooperation with the Department of Treasury, the Federal Highway Administration estimates the effect of gasoline price on demand as part of its analysis of future Highway Trust Fund revenues. The demand for gasoline is relatively insensitive to price. We estimate price elasticities of about minus .10 in the short term to about minus .20 in the longer term. Therefore, we would expect that a 5-cent gas tax would cause less than a 1-percent reduction in fuel consumption.

BUREAU OF MOTOR CARRIER SAFETY

SENATOR LAUTENBERG: The Commercial Motor Vehicle Safety Act of 1986 included a new date for implementing the law. Briefly comment on the agency's actions to implement the key provisions and whether the dates are achievable including problems for not meeting expected dates, including:

- the single license requirement, July 1, 1987;
- the standards for testing drivers and issuing a federal license, July 15, 1988;
- the clearinghouse requirement, January 1, 1989.

ANSWER: We are preparing the final regulation to implement the single license requirement effective July 1, 1987. We plan to issue it in the Federal Register by June 1, 1987.

Under the Act the States will continue to issue licenses, but must test and license drivers consistent with the minimum Federal standards. We are preparing a proposed regulation with the standards for testing drivers and issuing a license. We plan to issue the proposed regulation in the Federal Register this fall, seek public comment, and issue final regulation by July 1988 deadline.

We have also initiated a project for 12 States to jointly develop written and driving tests that all States could use nationwide. We will work closely with the representatives of these States to ensure that the testing procedures are consistent with the standards. The States plan for the testing procedures to be available in late 1988 or early 1989.

We have initiated a study to review existing information systems and determine whether any could serve as a clearinghouse to access information on a driver's licensing status and record. We expect the results of the study to be available this fall, including the preliminary specifications for the clearinghouse. We are working closely with the States, through the American Association of Motor Vehicle Administrators, on our review of the existing systems and the development of the clearinghouse. We are on schedule in order to meet the January 1, 1989 deadline.

BUREAU OF MOTOR CARRIER SAFETY

SENATOR LAUTENBERG: Provide the distribution of federal motor carrier safety specialists by Region/State and discipline.

ANSWER: The following charts show the strength of the Federal Highway Administration's Office of Motor Carriers as of March 6, 1987. The first shows actual strength, the remainder which are breakdowns by Region and State are actual strength with the exception of the column headed "Safety Specialist Trainees." That column identifies the number of trainees that will be assigned each Region and State when the additional 150 are on board. Not included are current vacancies created by normal attrition among experienced safety specialists.

	Administrative/ Program Staff	Safety Specialist Trainees	Clerical	Total
Headquarters	52	0	9	61
Regional Offices	28	0	9	37
Division Offices	122	106	29	257
Grand Total	202	106	47	355

Region 1

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Connecticut	1	1	2	0	4
Maine	1	0	1	0	2
Massachusetts	1	4	2	1	8
New Hampshire	1	0	1	0	2
New Jersey	1	4	4	1	10
New York	1	7	8	2	18
Puerto Rico	1	0	0	0	1
Rhode Island	1	0	0	0	1
Vermont	1	1	1	1	4
Totals	9	17	19	5	50

Region 3

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Delaware	1	0	0	0	1
District of Columbia	1	0	0	0	1
Maryland	1	2	1	0	4
Pennsylvania	1	5	10	2	18
West Virginia	1	0	2	0	3
Virginia	1	2	3	1	7
Totals	6	9	16	3	34

Region 4

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Alabama	1	1	3	1	6
Florida	1	2	5	1	9
Georgia	1	1	5	1	8
Kentucky	1	0	3	0	4
Mississippi	1	1	3	0	5
North Carolina	1	2	4	0	7
South Carolina	1	1	2	0	4
Tennessee	1	2	4	1	8
Totals	8	10	29	4	51

Region 5

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Illinois	1	4	5	1	11
Indiana	1	2	5	1	9
Michigan	1	2	5	1	9
Minnesota	1	2	4	1	8
Ohio	1	2	6	1	10
Wisconsin	1	2	6	1	10
Totals	6	14	31	6	57

Region 6

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Arkansas	1	0	4	0	5
Louisiana	1	0	2	1	4
New Mexico	1	0	2	0	3
Oklahoma	1	0	4	0	5
Texas	1	4	5	1	11
Totals	5	4	17	2	28

Region 7

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Iowa	1	2	4	1	8
Kansas	1	1	4	1	7
Missouri	1	2	4	1	8
Nebraska	1	0	2	1	4
Totals	4	5	14	4	27

Region 8

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Colorado	1	2	2	0	5
Montana	1	0	0	1	2
North Dakota	1	0	1	0	2
South Dakota	1	0	1	0	2
Utah	1	0	2	0	3
Wyoming	1	0	0	0	1
Totals	6	2	6	1	15

Region 9

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Arizona	1	0	2	0	3
California	1	3	7	2	13
Hawaii	1	0	0	0	1
Nevada	1	0	0	0	1
Totals	4	3	9	2	18

Region 10

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Alaska	1	1	0	0	2
Idaho	1	1	3	0	5
Oregon	1	2	3	1	7
Washington	1	2	3	1	7
Totals	4	6	9	2	21

All Regions

	Officers -in- Charge	Safety Specialists	Safety Specialist Trainees	Clerical	Total
Totals	52	70	150	29	301

BUREAU OF MOTOR CARRIER SAFETY

SENATOR LAUTENBERG: How many roadside inspections were conducted by Federal inspectors and by state inspectors (under the grant program) in Fiscal Years 1985, 1986 and 1987? How many

trucks inspected, results of those inspections (i.e. trucks removed from service, drivers removed, defects cited, violations recorded)?

ANSWER: ROADSIDE INSPECTIONS

Federal Work Force

Fiscal Year	Drivers-Vehicles Inspected (Trucks & Buses)	No. Vehicles Placed Out of Service	No. Drivers Placed Out of Serv
1985	16,046	5,493	1,804
1986	10,027	3,306	969
1987 (Proj.)	-0-	-0-	-0-

State Personnel
(Under the Grant Program)

Fiscal Year	Drivers-Vehicles Inspected (Trucks & Buses)	No. Vehicles Placed Out of Service	No. Drivers Placed Out of Serv
1985	371,014	106,461	23,619
1986	521,053	204,078	41,884
1987 (Proj.)	1,157,500	402,000	84,500

The number of vehicles placed out-of-service by Federal inspectors includes the various components of a vehicle combination, i.e., tractor, trailer, or converter dolly. The states report a complete unit as an out-of-service action.

The information with respect to defects cited and violations recorded for roadside inspections has not been computerized and a summary of this information is not readily available.

SENATOR LAUTENBERG: How many state inspectors does the Federal grant program support (by state)?

ANSWER: The Motor Carrier Safety Assistance Program supports a total of 2,597 state inspectors. The following is a breakdown by state:

Alabama	38	Louisiana	47
Alaska	0	Maine	13
American Samoa	7	Maryland	6
Arizona	22	Massachusetts	12
Arkansas	40	Michigan	40
California	13	Minnesota	35
Colorado	45	Mississippi	33
Connecticut	21	Missouri	94
Delaware	12	Montana	275
District of Columbia	0	Nebraska	28
Florida	67	Nevada	11
Georgia	19	New Hampshire	6
Guam	3	New Jersey	83
Hawaii	12	New Mexico	0
Idaho	17	New York	32
Illinois	42	North Carolina	52
Indiana	154	North Dakota	19
Iowa	100	Northern Marianas	0
Kansas	30	Ohio	97
Kentucky	174	Oklahoma	0

Oregon	109	Utah	22
Pennsylvania	217	Vermont	0
Puerto Rico	9	Virginia	41
Rhode Island	10	Virgin Islands	1
South Carolina	11	Washington	48
South Dakota	0	West Virginia	27
Tennessee	225	Wisconsin	13
Texas	165	Wyoming	0

SENATOR LAUTENBERG: List by state the 1985, 1986 and estimated 1987 safety grants awarded and by category (i.e., development and implementing).

ANSWER: The list of states in the development grant status for 1985, 1986 and 1987, and the amount allocated for each year is shown below. Oklahoma has not executed a development grant agreement at this time.

State	1985	1986	1987
Alabama	42,228	50,000	
American Samoa	50,000	44,500	
Arkansas	50,000		
District of Columbia	50,000		
Guam	50,000	50,000	
Hawaii	32,000	40,000	
Louisiana	50,000		
Maine	50,000		
Massachusetts	50,000		
Mississippi	44,400	50,000	
Nebraska	50,000	50,000	
New Jersey	50,000	50,000	
New Mexico	50,000		
New York	50,000		
Oklahoma		50,000	50,000
Puerto Rico	50,000		
Rhode Island	45,280	40,000	
South Dakota	50,000		
Texas	48,000		
Vermont	49,600		
Virgin Islands	50,000	50,000	49,900
Virginia	50,000		

The list of states in implementation type grants for 1985, 1986 and 1987 is as shown below. Florida, Guam, Hawaii, Virginia, and Wisconsin have not executed grant agreements for 1987 at this time.

State	1985	1986	1987
Alabama			1,004,189
American Samoa			190,722
Arizona	278,992	462,992	736,310
Arkansas		219,254	675,261
California	1,250,000	1,250,000	1,250,000
Colorado	247,627	358,579	1,104,000
Connecticut	213,013	225,000	450,000
Delaware	111,082	225,000	271,842
Florida			1,749,132

Georgia	275,102	408,403	840,050
Guam			243,880
Hawaii			151,928
Idaho	357,012	671,012	775,415
Illinois	1,122,452	1,250,000	1,974,192
Indiana	511,069	511,069	1,482,869
Iowa	472,338	465,200	384,836
Kansas	301,382	301,382	644,317
Kentucky		225,898	920,940
Louisiana		233,555	881,008
Maine		225,000	270,559
Maryland	281,713	281,713	932,000
Massachusetts		225,000	870,000
Michigan	623,788	884,163	1,950,000
Minnesota	782,936	887,238	1,228,611
Mississippi			449,187
Missouri	539,808	626,534	916,109
Montana	337,500	315,000	480,000
Nebraska			382,620
Nevada	225,000	225,000	462,002
New Hampshire	153,113	185,820	326,262
New Jersey			1,243,000
New York		538,581	2,031,614
North Carolina	571,739	621,019	1,394,057
North Dakota	197,360	224,926	269,092
Ohio	589,541	813,322	2,200,000
Oregon	573,007	623,007	1,379,898
Pennsylvania	570,524	570,524	2,125,680
Puerto Rico		150,000	225,000
Rhode Island			394,289
Tennessee	563,296	808,458	2,340,780
Texas			730,917
Utah	357,012	357,012	584,002
Virginia		279,501	1,163,468
Washington	402,073	507,943	1,261,154
West Virginia	102,843	104,552	440,000
Wisconsin	253,141	278,224	468,221

SENATOR LAUTENBERG: List the criteria for awarding grants, (development and implementing).

ANSWER: The criteria for awarding a development grant approval are as follows:

1. A plan of action to qualify for implementation must be submitted.
2. The total program cost and an assurance of adequate state funds must be submitted.
3. An estimate of when the state will meet the criteria for an implementation grant must be submitted.
4. Responsible agency for administering the program must be designated.
5. State must agree to secure the necessary statutory authority

Criteria necessary for an implementation grant approval are listed below:

1. Must agree to adopt and enforce the Federal Motor Carrier Safety Regulations or compatible state regulations.

2. A State Enforcement Plan (SEP) for the conduct of an effective safety program must be submitted.
3. The state must designate a responsible agency for administrating the program.
4. Must assure that the agency has the legal authority, resources, and personnel to carry out enforcement of the plan.
5. Adequate funds for the administration of the program must be allocated.
6. State must have laws to provide for right of entry and inspection sufficient to enforce the regulations.
7. Must agree to prepare and submit all reports required in connection with the SEP.
8. Must agree to adopt uniform reporting requirements and forms as required by the Federal Highway Administration.
9. Must require registrants of commercial motor vehicles to declare, at the time of registration, knowledge of the applicable regulations.
10. Statutory authority to regulate motor carriers shall be extended to private motor carriers of property as well as for-hire motor carriers.
11. A self-evaluation of the state's prior year's plan must be submitted.

SENATOR LAUTENBERG: Provide the committee updated motor carrier statistics similar to that found on page 411 (staff; page 411 (inspections); page 413 (applications); page 414 (applications); page 415 (estimated-applications); page 416 (workload); page 416 (accidents); page 417 (accidents); page 417 (accidents per mileage) found in House Appropriations Hearings for Fiscal Year 1987, part 4.

The Federal Highway Administration's Office of Motor Carrier Safety currently has on board 132 experienced field safety investigators. The Office of Motor Carrier Safety has been authorized to hire an additional 150 safety investigators. Training of those safety investigators commenced during June 1986 with a basic motor carrier safety course followed by on the job training with an experienced field investigator for the remainder of the trainees' one year probationary period. The last basic course for the trainees is scheduled to end on July 2, 1987, with on the job training being concluded by July 1988. The ratios of safety investigators to motor carrier entities and shippers of hazardous materials and to drivers for the current year and the four prior four years is shown in the following table, with the ratios for 1987 reflecting the ratios for experienced safety investigators:

	Fiscal year				
	1983	1984	1985	1986	1987
Total carriers	192,800	208,400	211,000	220,000	225,600
Total H/M Shippers	19,000	20,000	21,000	22,000	30,000
Total entities	211,000	228,000	233,000	242,000	255,600
Safety Investigators	140	138	137	138	132
Ratio staff to entities	1:1,513	1:1,659	1:1,771	1:1,753	1:1,936
Ratio staff to drivers	1:30,568	1:36,932	1:37,878	1:32,608	1:34,090

	Fiscal year							
	1979	1980	1981	1982	1983	1984	1985	1986
Number of driver/vehicle inspections	26,080	31,875	40,747	35,825	26,015	22,590	16,046	10,027
Number of safety audits/reviews	6,941	7,093	9,640	12,095	11,666	13,037	10,492	6,637
Number of investigations	1,865	1,424	1,885	1,570	1,511	1,731	2,316	2,590
Number of enforcement cases prosecuted and closed	306	402	417	322	461	474	739	529
Amount of funds collected	862,725	1,195,848	1,138,700	711,802	447,731	795,805	788,916	1,877,300

FEDERAL HIGHWAY ADMINISTRATION, PRINCIPAL WORK ACTIVITIES IN MOTOR CARRIER SAFETY PROGRAM

	1984	1985	1986
Safety Management Activities:			
Safety management audits at carrier facility	4,555	3,690	2,605
Safety management audit, hazardous material carriers	2,706	2,224	1,205
Safety management audits, hazardous materials shippers	2,520	1,916	897
Hazardous material incident investigation	149	141	91
Cargo tank manufacturer's audit(1)	3	18	18
Financial responsibility audit(1)	1,743	2,644	1,912
Roadside driver/equipment examination truck	20,990	14,827	6,365
Out-of-service vehicle	6,064	5,384	3,011
Roadside driver/equipment examination bus	1,600	1,174	3,662
Out-of-service bus	101	109	295
Out-of-service (truck and bus)	2,517	1,804	969
Exterior noise examination(2)			
Interior noise examination(2)			
Extended runs examinated(2)			
Cargo security reviews(2)			
Enforcement Activities:			
Case reports	1,368	1,881	2,590
Litigation testimony (2)			
Evidence obtained for States(2)			
Civil forfeiture proceedings	474	739	529
Investigation of carrier accidents:			
Accidents investigation	85	32	39
Carrier accident reports review	36,854	39,273	25,000(est.)
Hazardous material incident report review		4,307	
Motor Carrier Safety Assistance Program:			
State and local technical assistance (contacts)		3,753	4,360
State and local training presented (sessions)		283	357
State and local monitoring/evaluation (contacts)		862	2,486
Technical Assistance and Safety Education:			
Safety or hazardous material meetings attended		553	482
Program assistance (contacts)		1,525	1,476
Training presented (sessions)		131	175

(1) Work items added to program.
(2) Work items are no longer qualified.

TRUCK ACCIDENT STATISTICS

TRUCK ACCIDENTS REPORTED TO THE OFFICE OF MOTOR CARRIERS 1978 TO 1985
(The following statistics may vary slightly from previously reported statistics due to refinements in the data)

	1978	1979	1980	1981	1982	1983	1984	1985
Accidents	33,998	35,540	31,388	32,306	32,277	31,628	36,853	39,273
Fatalities	2,998	3,072	2,528	2,810	2,456	2,528	2,721	2,646
Injuries	32,757	32,126	27,149	28,533	26,117	26,692	29,149	28,988

ADJUSTED TRUCK ACCIDENT STATISTICS 1978 to 1985

Effective in 1986, the minimum reporting threshold for property damage accidents was increased from $2,000 to $4,200 to more accurately account for the effects of inflation. This will obviously cause a dramatic and apparent decrease in accident counts from 1985 to 1986. Therefore, the Office of Motor Carriers has applied an adjustment factor equivalent to an approximate GNP deflator to property damage accidents for the years 1976 through 1985. The following table refects the adjusted accident counts, fatality and injury statistics remain unchanged.

	1978	1979	1980	1981	1982	1983	1984	1985
Accidents	32,077	32,322	28,220	27,772	27,001	26,032	29,579	29,068

TRUCK ACCIDENTS REPORTED TO THE OFFICE OF MOTOR CARRIERS 1974 TO 1985

(The following statistics may vary slightly from previously reported statistics due to refinements in the data)

Calendar year	Fatal accidents	Fatalities	Injury accidents	Injuries	Property damage only	Total accidents
1974	1,956	2,429	16,050	26,911	7,353	25,359
1975	1,753	2,232	15,492	26,374	7,029	24,274
1976	1,971	2,520	16,144	26,794	7,552	25,667
1977	2,286	2,878	18,168	31,006	9,482	29,936
1978	2,441	2,998	19,830	32,757	11,727	33,998
1979	2,528	3,072	19,605	32,126	13,407	35,540
1980	2,058	2,528	16,959	27,149	12,371	31,388
1981	2,191	2,810	17,062	28,533	13,053	32,306
1982	1,978	2,456	16,354	26,117	13,945	32,277
1983	2,031	2,528	16,022	26,692	13,575	31,628
1984	2,195	2,721	17,792	29,149	16,866	36,853
1985	2,161	2,646	18,135	28,988	18,977	39,273

ADJUSTED TRUCK ACCIDENT STATISTICS 1974 to 1985

Effective in 1986, the minimum reporting threshold for property damage accidents was increased from $2,000 to $4,200 to more accurately account for the effects of inflation. This will obviously cause a dramatic and apparent decrease in accident counts from 1985 to 1986. Therefore, the Office of Motor Carriers has applied an adjustment factor equivalent to an approximate GNP deflator to property damage accidents for the years 1976 through 1985. The following table refects the adjusted property damage only and total accident counts; all other columns remain unchanged.

Calendar year	Fatal accidents	Fatalities	Injury accidents	Injuries	Property damage only	Total accidents
1974	1,956	2,429	16,050	26,911	7,353	25,359
1975	1,753	2,232	15,492	26,374	7,029	24,274
1976	1,971	2,520	16,144	26,794	6,577	24,692
1977	2,286	2,878	18,168	31,006	7,944	28,398
1978	2,441	2,998	19,830	32,757	9,806	32,077
1979	2,528	3,072	19,605	32,126	10,189	32,322
1980	2,058	2,528	16,959	27,149	9,203	28,220
1981	2,191	2,810	17,062	28,533	8,519	27,772
1982	1,978	2,456	16,354	26,117	8,669	27,001
1983	2,031	2,528	16,022	26,692	7,979	26,032
1984	2,195	2,721	17,792	29,149	9,592	29,579
1985	2,161	2,646	18,135	28,988	8,772	29,068

SENATOR LAUTENBERG: Provide the committee updated motor carrier statistics similar to that found on page 411 page 417 (Accidents per Mileage) found in House Appropriations Hearings for Fiscal Year 1987, Part 4.

ANSWER: We do not have mileage data for the years 1980 and 1981, however, we do have a sampling for years 1982 through 1986. Based on these samplings these are the results:

	1982	1983	1984	1985	1986
Accidents per million miles	1.25	1.15	1.22	1.31	1.19
Fatalities per 100 million miles.	9.81	9.16	8.22	8.21	8.25
Injuries per million miles	0.70	0.66	0.68	0.65	0.61

Accidents counts maintained by the Office of Motor Carrier include reported accidents that results in the death or injury of a person, or total damage to all property exceeding a certain limit. Prior to 1986 this limit was $2000 and for 1986 it was raised to $4200. If this limit had been in effect in 1985, 8,300 of 36,854 reportable accidents would not have been reportable. The above statistics may vary slightly from those previously reported due to refinements in the data.

SENATOR LAUTENBERG: Is the request for new equipment (page 66 of justification) $990,000, a one-time investment? Breakdown specifically what this buys.

ANSWER: The FHWA has been exploring all available options for increasing the effectiveness and productivity of our Motor Carrier safety field staff. After evaluating these options, the decision was made to move towards heavier utilization of proven computer technology. At the end of FY 1986, FHWA purchased 25 micro-computers for 25 of the offices where Motor Carrier safety field staff are located. At the present time the FHWA is finalizing the purchase of 51 micro-computers for 51 additional offices. With the addition of these 51 micro-computers, each Motor Carrier safety field office will have basic computer capability.

The next step in our plan to improve the effectiveness and productivity of our motor carrier field staff will begin during FY 1988. We plan to begin purchasing small portable micro-computers, which are compatible with the 76 units purchased in FY 1986 and 1987, and can be used by our safety specialists at the motor carrier's place of business when conducting Safety Reviews or Compliance Reviews. These units will permit the safety specialist to extract baseline data about the motor carrier from the Washington and Region MIS systems prior to going out to conduct the review. The safety specialist will then be able to enter current motor carrier information into the portable micro-computer while at the carrier's place of business and perform some basic evaluations of this data. Upon completion of the review, the safety specialist will be able to feed the new motor carrier data which was entered into the portable micro-computer directly into larger capacity computers. Ultimately this data will be electronically transferred to the mainframe computer in Washington. We believe we can greatly reduce the need to create, handle, and maintain large volumes of "hardcopy" motor carrier information and improve our effectiveness and productivity by developing this system.

We are planning to purchase 150 of the small portable micro-computers. Although we will not be purchasing a portable micro-computer for each safety specialist during FY 1988, we believe that with proper scheduling by our field managers, the majority of the safety or compliance reviews can be micro-computer assisted. If program requirements indicate the need for additional portable micro-computers, an additional request may be made in FY 1989. This units will be replaced when they become functionally obsolete or nonrepairable.

Each portable micro-computer will consist of (1) portable micro-computer unit, (2) a printer, and (3) basic data management and communication software.

We have budgeted $750,000 for the acquisition of the portable micro-computers.

The remaining $240,000 will be used to purchase new and replacement equipment for the expanded Motor Carrier Safety Field Staff. We are planning to purchase:

1.	Basic office furniture (Typically Modular furniture due to reduced GSA space standards	$154,000
2.	Portable photo copy machines	34,000
3.	Photography Equipment	33,000
4.	Ultrasonic devices to measure metal thickness of cargo tanks used to transport hazardous materials,	10,000
5.	Radioactive monitoring devices,	9,000
	Total	$240,000

SENATOR LAUTENBERG: Breakdown the $629,000 requested for "Other Services".

ANSWER: The $629,000 increase is to accommodate the increased costs resulting from the changing Motor Carrier program within FHWA.

The FHWA began hiring 150 new safety specialists in FY 1986; a process which will be complete by the end of FY 1987. Due to OPM requirements, the FHWA was not able to consider geographical preference when assigning the new hires to their initial duty locations. We anticipate that a large number of these new safety specialist will seek to relocate when they become eligible to compete for vacancies. Consequently, we are requesting an additional $200,000 to accommodate this surge in field mobility.

We are also requesting an additional $100,000 for a one-time contract with a private-sector company to assist FHWA in accomplishing the massive task of reviewing 185,000 motor carriers which have never been assigned a Safety Fitness Rating by the FHWA.

The FHWA is increasing the use of proven computer technology in order improve the effectiveness and productivity of our motor carrier field staff. Much of this increased effectiveness and productivity will occur as a result of the development of an excellent motor carrier MIS system. Some basic components of the

motor carrier MIS system have been developed or are now under development. We are requesting an additional $329,000 in order to accommodate increased computer programming costs, increased computer mainframe usage, and increased telecommunication expenditures.

NEWLY AUTHORIZED DEMONSTRATION PROJECTS

SENATOR LAUTENBERG: Provide for the record the total estimated costs for the single purpose demonstration projects contained in either the House or Senate authorization bills.

ANSWER: We estimate the total cost of the single purpose demonstration projects from the House bill and the priority projects from the Senate bill to cost about $8.3 billion if they are brought to completion.

WASTE ISOLATION PROJECT ROAD

SENATOR LAUTENBERG: As of January 31, 1987, the Waste Isolation Pilot Project Roads Account has $8.6 million in unobligated funds. Will these be obligated in F.Y. 1987?

ANSWER: $4.5 million of the unobligated balance will be used later this fiscal year for additional construction projects on the designated routes. The rest of the funds will be obligated in November 1987.

SENATOR LAUTENBERG: What level of funding is necessary to complete this project?

ANSWER: The latest estimate of total cost for the WIPP is $83 million including work already authorized. This estimate, less the $38.8 million previously authorized would leave $44.2 million unfunded. The State has proposed construction lettings as follows:

FY 88	$20,260 *
FY 89	$16,520
FY 90	$11,396

*Approximately $4.1 million will be available for obligation in FY 88 from previously authorized funds.

RAIL-HIGHWAY CROSSINGS/HAZARD ELIMINATION

SENATOR LAUTENBERG: Update the tables contained on pages 360, 361 and 362 of Senate Hearings Report 99-721, Part 1, for Fiscal Year 1984, 1985, and 1986.

ANSWER: State by State apportionments and obligations for Fiscal Years 1984, 1985, and 1986 are shown in the following tables:

RAIL HIGHWAY CROSSINGS PROGRAM

State	Apportionments FY 84, 85, 86 (after Gramm-Rudman)	Obligations FY 84,85,86
Alabama	11,196,054	12,997,674
Alaska	8,645,375	9,035,748
Arizona	5,409,192	4,517,172
Arkansas	8,480,135	11,327,718
California	35,126,039	19,636,674
Colorado	7,553,221	7,937,985
Connecticut	3,378,424	4,908,610
Delaware	1,741,101	1,810,597
Florida	17,291,523	16,894,174
Georgia	15,686,559	11,895,311
Hawaii	1,398,661	0
Idaho	5,183,214	5,511,728
Illinois	28,584,493	30,612,970
Indiana	19,082,297	18,115,687
Iowa	14,082,272	18,773,149
Kansas	16,622,179	16,061,359
Kentucky	9,276,780	11,787,916
Louisiana	11,039,899	4,777,185
Maine	3,304,661	2,212,376
Maryland	5,333,838	5,103,212
Massachusetts	6,895,639	4,564,935
Michigan	20,427,597	19,000,232
Minnesota	14,652,252	28,928,239
Mississippi	8,159,141	8,848,808
Missouri	14,661,353	14,562,123
Montana	5,955,341	4,260,064
Nebraska	9,936,283	11,433,782
Nevada	2,851,551	1,728,840
New Hampshire	2,282,278	2,135,164
New Jersey	9,507,706	8,571,465
New Mexico	4,087,303	5,328,641
New York	22,210,543	17,988,890
North Carolina	13,942,337	2,832,638
North Dakota	9,855,335	6,031,295
Ohio	23,578,977	21,239,637
Oklahoma	11,473,303	8,897,307
Oregon	7,669,480	7,116,882
Pennsylvania	20,782,326	33,013,318
Rhode Island	1,573,463	1,618,617
South Carolina	9,367,425	5,682,322
South Dakota	6,166,966	5,383,631
Tennessee	11,042,272	4,179,655
Texas	37,293,349	46,118,981
Utah	4,336,272	4,042,745
Vermont	2,197,803	1,992,570
Virginia	9,630,244	6,282,918
Washington	10,389,782	12,392,861
West Virginia	5,802,449	6,071,764
Wisconsin	14,194,324	20,583,753
Wyoming	3,220,187	2,595,334
District of Columbia	771,159	12,666
Puerto Rico	2,681,343	0
TOTAL	556,211,700	537,357,322

HAZARD ELIMINATION PROGRAM

State	Apportionments FY 84,85,86 (after Gramm-Rudman)	Obligations FY 84,85,86
Alabama	10,410,667	12,548,714
Alaska	2,927,430	8,975,988
Arizona	7,838,488	4,632,667
Arkansas	7,047,954	6,683,043
California	50,203,939	69,142,134
Colorado	8,143,583	8,165,668
Connecticut	6,472,216	7,498,645
Delaware	2,927,430	2,795,644
Florida	21,541,037	27,570,679
Georgia	13,964,058	18,385,593
Hawaii	2,927,430	5,894,222
Idaho	4,252,386	4,875,848
Illinois	26,091,074	29,838,323
Indiana	13,523,520	11,878,541
Iowa	9,502,510	9,058,111
Kansas	9,213,866	10,469,121
Kentucky	9,306,355	11,482,253
Louisiana	9,899,808	8,264,085
Maine	2,927,430	2,748,175
Maryland	8,810,482	8,633,127
Massachusetts	11,866,224	11,351,899
Michigan	21,456,589	21,433,994
Minnesota	12,171,777	11,626,443
Mississippi	7,267,492	7,990,784
Missouri	13,450,629	11,721,998
Montana	4,070,746	5,682,129
Nebraska	6,267,991	4,712,725
Nevada	3,085,028	3,185,561
New Hampshire	2,927,430	2,409,208
New Jersey	14,883,395	9,497,198
New Mexico	4,385,237	5,870,981
New York	36,550,380	42,310,813
North Carolina	14,286,605	22,040,319
North Dakota	4,351,232	6,208,407
Ohio	24,117,141	13,120,308
Oklahoma	9,628,665	10,129,802
Oregon	9,777,545	17,117,866
Pennsylvania	26,218,616	20,097,433
Rhode Island	2,927,430	2,424,128
South Carolina	8,096,772	7,715,600
South Dakota	3,960,615	3,957,814
Tennessee	11,573,386	15,877,774
Texas	36,437,346	57,442,733
Utah	4,394,783	3,435,875
Vermont	2,927,430	299,782
Virginia	12,287,545	10,873,846
Washington	10,701,594	11,195,720
West Virginia	4,883,024	4,425,042
Wisconsin	12,674,732	15,013,536
Wyoming	2,927,430	824,503
District of Columbia	2,927,430	2,667,022
Puerto Rico	6,237,238	8,974,900
TOTAL	577,651,140	641,176,724

SENATOR LAUTENBERG: What Inspector General reviews were conducted on Federal highway programs during fiscal years 1985, 1986? Please provide a brief description and what followup actions were taken.
ANSWER: Reports of national audits issued by the Office of Inspector General (OIG) to the Federal Highway Administration (FHWA) during fiscal years 1985 and 1986 are listed below. Except as otherwise indicated, the OIG accepted the actions taken or promised by the FHWA as meeting the intent of the audit recommendations, and the reports were closed.

In addition to these national audit reports, the FHWA receives reports of contract audits (i.e., audits of cost data provided by contractors in their pricing proposals, contractor's accounting systems or estimating methods, etc.); grant audits (i.e., audits conducted pursuant to the Single Audit Act of 1984 by independent auditors of State and local governments that receive Federal assistance); and OIG regional audits (i.e., audits limited to reviews of program/functional areas as administered within a specific FHWA region). The number of contract, grant, and regional audit reports issued to the FHWA was 55, 203, and 53, respectively, in fiscal year 1985 and 23, 230, and 55, respectively in fiscal year 1986. Due to the large number of these reports, they are not listed below. They, however, are listed in the appendices to the Inspector General Semiannual Reports to Congress for the periods October 1, 1984 - March 31, 1985, and April 1, 1985 -September 30, 1985 (covering fiscal year 1985) and October 1, 1985 - March 31, 1986, and April 1, 1986 - September 30, 1986 (covering fiscal year 1986).

OFFICE OF INSPECTOR GENERAL NATIONAL PROGRAM/ FUNCTIONAL REPORTS ISSUED TO THE FEDERAL HIGHWAY ADMINISTRATION IN FISCAL YEAR 1985

Audit Description: Demonstration and Experimental Projects Program

Action Taken: As part of a review of the FHWA's overall technology transfer program (T^2), the agency will design and implement a system that will measure the effectiveness of the program. The FHWA also agreed to and has continued to emphasize T^2 to its field offices as it has done in the past.

Audit Description: Financial Management and Reporting of Receivables

Action Taken: The FHWA has procedures in place to identify credits due from the State highway agencies (SHAs) for federally funded projects.

Audit Description: Liquidated Damages on Highway Construction Projects

Action Taken: The FHWA notified its field offices of the need to review with the respective SHAs their current liquidated damage rates and to work with them in developing revised rates, if necessary, which would be more representative of actual construction engineering costs.

In addition, the FHWA has undertaken rulemaking which would require States to periodically review their liquidated damage rates to assure that they, at a minimum, would recover the SHAs construction engineering costs. The rulemaking process has progressed through a NPRM to the preparation of a final rule which is presently being cleared for transmittal to OMB.

Audit Description: Federal Highway Administration's Compliance With the Federal Managers' Financial Integrity Act

Action Taken: The FHWA agreed to (1) continue to ensure that the most meaningful units are assessed, (2) use sampling techniques for future vulnerability assessments (VA), (3) conduct more training in the VA area, (4) continue to stress the need for complete and meaningful accounting system reviews, and (5) continue followup action on accounting system conformance with quarterly status reports, telephone contacts, and when appropriate, onsite visits.

Audit Description: State Mobilization Payment Provisions on Highway Construction Contracts

Action Taken: The FHWA has undertaken to assure that the AASHTO quide specification schedule for mobilization rates is an acceptable bench mark for comparison of individual State specifications. The FHWA initially conducted a review of all States' practices concerning mobilization payments to contractors (i.e., costs for preparatory work and operations which must be performed or costs incurred prior to beginning work at a highway construction project site such as movement of personnel, equipment, and supplies to the project site). The results of this review have been furnished to AASHTO and AASHTO has been asked for confirmation of the validity of their guide schedule. The AASHTO plans to address this issue through a poll of its member States in the summer of 1987.

Audit Description: Implementation of Revised Buy America Requirements by the Federal Highway Administration

Action Taken: The OIG found that the FHWA adequately implemented the Buy America provisions of Section 165 of the Surface Transportation Assistance Act of 1982 and made no recommendations. Consequently, no actions were required of the FHWA.

Audit Description: Compliance With Prompt Payment Procedures

Action Taken: The FHWA (1) stressed to its employees the importance of processing payment schedules timely, (2) issued a memorandum to program officials emphasizing the need to return receiving reports timely so that discounts can be taken, (3) established procedures to assure receiving reports and invoices are stamped with date received, and (4) included in internal control reviews an examination of refunds and an assessment of the adequacy of its voucher filing system.

Audit Description: Application of Value Engineering (VE) to Federal-Aid Construction Projects

Action Taken: The FHWA (1) continues to encourage States to use VE

where employment has high potential for public benefit, (2) appointed a Value Engineer in the Washington Headquarters, (3) sponsored VE workshops, and (4) is working through AASHTO to develop an AASHTO policy and guidelines on VE. The OIG considered these actions responsive to all but one of the report's recommendations. In the case of the one recommendation, the OIG wanted the FHWA to require the use of VE, but the FHWA disagreed stating its belief that real savings will be achieved only if VE methodology has the full support of State highway agency top management and that support can be more effectively obtained through the FHWA's VE promotional efforts.

Audit Description: Survey on Accountable Personal Property (**NOTE:** Audit was limited to FHWA Washington Headquarters and FHWA Region 3)

Action Taken: The FHWA revised FHWA's capitalization criteria to conform to the Department's directive, emphasized within the FHWA the need to follow procedures for keeping personal property records current and to reconcile differences between accounting records and property accountability records.

Audit Description: Certifying and Monitoring Disadvantaged Business Enterprises (DBEs)/Women's Business Enterprises (WBEs)

Action Taken: The FHWA (1) issued guidance on DBE/WBE certification, (2) issued instructions to its field offices to initiate an effort to ensure that the certification procedures of every State are sound and to verify that presently certified firms are in fact legitimate, and (3) issued instructions to its field offices for the purpose of ensuring that adequate reviews of the States' reporting procedures are made.

Audit Description: Park and Ride Lot Program, Region 4 (**NOTE:** This was a regional report which the OIG elevated to the Washington Headquarters level for resolution.)

Action Taken: The FHWA requested that the State of Florida analyze the proposed special high occupancy vehicle (HOV) access ramps and provide the results to the FHWA and requested that the development of the park and ride lots in question be staged. The FHWA assured the OIG that in regard to the lots in question, there would be no Federal funds expended in right-of-way acquisition or construction on the HOV access ramps until such time as full and proper justification is received from the State and found acceptable by the FHWA.

Audit Description: Railroad-Highway Crossing Demonstration Program

Action Taken: The FHWA counseled the OIG against using the issues of lack of cost-effectiveness and lack of program need as arguments for terminating the program. The OIG was further advised that the FHWA was continuing its efforts in working with the Congress to discontinue special demonstration funding.

Audit Description: Functional Replacement Program in Region 7 (**NOTE:** This was a regional audit report which the OIG elevated to the Washington Headquarters level for resolution.)

Action Taken: The FHWA conducted an extensive review of the projects in question, i.e., North Expressway Project and Spencer Homes Project in Omaha, Nebraska, and based on its review believed that contrary to the OIG recommendations, it was not necessary to revise the FHWA's current functional replacement policies or to issue additional guidance on the program to its Regions.

Audit Description: State Highway Monitoring of Relocation Assistance Program (**NOTE:** This was a regional audit report which contained recommendations to both the FHWA Washington Headquarters and FHWA Region 1.)

Action Taken: The FHWA Washington Headquarters advised the OIG that revised regulations were published in the Federal Register which addressed the OIG's concerns regarding a redefinition of comparable replacement housing and adjusting asking prices.

OFFICE OF INSPECTOR GENERAL NATIONAL PROGRAM/ FUNCTIONAL AUDIT REPORTS ISSUED TO THE FEDERAL HIGHWAY ADMINISTRATION IN FISCAL YEAR 1986

Audit Description: Highway Construction Inspection Policies and Controls

Action Taken: The FHWA (1) emphasized to its field offices that the inspection of certification acceptance and secondary road projects should be part of an overall construction monitoring plan and (2) issued additional guidance concerning the development and submission by the agency field offices of the annual construction monitoring program reports.

Audit Description: State Highway Agencies' Alternative Weighing Programs

Action Taken: The FHWA issued guidance to its field offices reiterating and reemphasizing the need for assurances that the States have adequate controls in place when alternative weighing programs are approved.

Audit Description: Controls Over Yearend Procurement Spending in the Federal Highway Administration

Actions Taken: The FHWA expanded its contract management information system by establishing a contract action log for use in monitoring small purchase procurements which are particularly vulnerable to wasteful spending.

Audit Description: Discretionary Bridge Program

Actions Taken: The FHWA increased the frequency of canvassing its Regions to determine if discretionary bridge funds are available for withdrawal and had recommended an increase to $250 million per year in discretionary bridge funding level in the upcoming highway reauthorization bill. (**NOTE:** The discretionary amount included in the Conference Report on H.R. 2, the Surface Transportation and Uniform Relocation Assistance Act of 1987, is $225 million.)

Audit Description: Bridge Inspection Program (**NOTE:** This was not the final audit report, but rather a memorandum from the OIG calling to the FHWA's attention a situation concerning underwater inspection of bridges.)

Actions Taken: The FHWA (1) reemphasized to all its Regions the importance of underwater inspection of bridges, (2) advised the State of Louisiana that an underwater inspection program is an integral part of the National Bridge Inspection Program, and (3) requested the State of Louisiana to provide underwater inspection of the specific bridges mentioned in the OIG's advisory memorandum.

Audit Description: Interstate Discretionary Program

Action Taken: The OIG found FHWA's management controls over the Interstate discretionary program were adequate and made no recommendations. Accordingly, there were no actions required of the FHWA.

Audit Description: Use of Architect/Engineering (A/E) Services

Action Taken: The FHWA prepared a Notice of Proposed Rulemaking (NPRM) which would describe steps to be followed by the contracting agency to ensure that the contracting agency's procedures, based on the proposed regulations, would comply with Office of Management and Budget guidelines, FHWA/Department of Transportation regulations, and accepted contracting principles. The NPRM is currently at the Office of Management and Budget for review.

Audit Description: Controls Over Consulting Services Contracts

Action Taken: The OIG did not make any recommendations but pointed out that four contracts were incorrectly coded. The FHWA corrected the coding errors.

Audit Description: Highway Safety Improvement Program (HSIP)

Action Taken: The FHWA agreed to consider in the next legislative cycle possible consolidation of the Hazard Elimination and Rail-Highway programs and an increase in the maximum percentage of funds that can be transferred from one program to the other. The FHWA also pointed out that it was already in the process of conducting HSIP reviews of all States to assure that the States' HSIP processes were in reasonable compliance with FHWA regulations/directives and to assure that highway safety improvement projects were being developed, implemented, and evaluated in accordance with HSIP processes that had been approved by the FHWA.

Audit Description: State Highway Pavement Practices, Region 4 (**NOTE:** This was a regional audit report which contained recommendations to both the Washington Headquarters and FHWA Region 4.)

Action Taken: The FHWA did not agree with the OIG's recommendation concerning (1) the requirement to have each State highway agency establish quantifiable guidelines specifying the highway conditions that must be maintained by each State to substantiate its annual

Interstate maintenance certification and (2) the development of a national pavement management system for use by the States. The FHWA agreed that proper maintenance and management of pavements in the Federal-aid system is critical and that the processes presently being used by several of the States need strengthening, but continued to believe that the techniques and strategies used by the FHWA to address the problem are a more desirable approach than the OIG's recommended solution.

SENATOR LAUTENBERG: What reviews are being conducted this year? Briefly describe.
ANSWER: Listed below are reports of national audits issued to the FHWA in fiscal year 1987 and national audits involving the FHWA which are currently underway.

OFFICE OF INSPECTOR GENERAL NATIONAL PROGRAM/ FUNCTIONAL AUDIT REPORTS ISSUED IN FISCAL YEAR 1987

Audit Description: Selected Aspects of Design Monitoring

Action Taken: Issues raised by the OIG in the report concerning the need to identify findings and/or problem areas associated with the State's design monitoring program have been addressed by FHWA guidance transmitted to its field offices and in design monitoring field reviews.

Audit Description: Audit of Federal-Aid Processes Related to Selected Transportation Facilities in Florida

Action Taken: The FHWA has expressed to the OIG its strong exception to the report's findings and recommendations concerning, among other things, the establishment of national maintenance standards; establishment of a nationally prescribed pavement management system and the need for the State to formalize its in-house bridge design review process for selecting alternatives.

Audit Description: Federal Highway Administration's Monitoring of Equipment Usage

Action Taken: The FHWA is developing guidance instructing its field offices to review State procedures to ensure that unallowable or unacceptable computation factors are not included in predetermined rental rates.

OFFICE OF INSPECTOR GENERAL NATIONAL AUDITS CURRENTLY BEING CONDUCTED IN FISCAL YEAR 1987 IN THE FEDERAL HIGHWAY ADMINISTRATION

- Transportation Noise Control Program
- Bridge Inspection Program
- Workmen's Compensation Program (Departmentwide audit)
- Unliquidated Obligations
- Recovery of Bid Rigging Damages

- Motor Carrier Safety Assistance Program
- Transportation Planning, Research and Development (Departmentwide audit)
- Quality of Plant-Mix Asphalt Pavement
- Implementation of the Federal Managers' Financial Integrity Act (Departmentwide audit)
- Construction Contract Claims
- Procedures Used to Assess Interest on Outstanding Accounts and Loans Receivable (Departmentwide audit)
- Construction Contract Change Orders
- Disposition of Unneeded Right-of-Way
- Use of Express Small Package and Mail Services (Departmentwide audit)
- Suspended and Debarred Contractors (Departmentwide audit)
- Highway Related Safety Grant Program
- Contract Closeouts

COMMERCIAL MOTOR VEHICLE SAFETY PANEL

SENATOR LAUTENBERG: What is the status of the safety review panel created by Section 209 of the Motor Carrier Safety Act of 1984?

ANSWER: The Secretary's Safety Review Panel was formed in 1985 and has held a number of meetings to collect and verify the various States' records. The panel will meet again in June to evaluate the first few thousand State/Federal comparative regulation records that have been completed.

SENATOR LAUTENBERG: Who is on the panel?

ANSWER: The Safety Panel was chosen from lists of candidates submitted to the Secretary by the Senate and the House. The seven panel members chosen from each list follow:

Sponsor: Senate Committee on Commerce, Science, and Transportation

Captain James E. Daust
Motor Carrier Division
Michigan State Police
300 N. Clippert St.
Lansing, Michigan 48913

Betty Easley
Florida State Representative
12800 Indian Rocks Road, Suite 1
Largo, Florida 33544-5538

Paul R. Henry
Director, Motor Investigations Division
Office of the Oregon Public Utility Division
Labor and Industries Building
Salem, Oregon 97310

George G. Cline
General Manager
Indiana Motor Truck Association, Inc.
Post Office Box 41193
Indianapolis, Indiana 46241

R.V. Durham
Director, Safety and Health Department
International Brotherhood of Teamsters
25 Louisiana Avenue, NW
Washington, D.C. 20001

Douglas R. Lax
Director of Loss Prevention and Personnel
Infinger Transportation Company
Post Office Box 70698
Charleston, South Charleston 29415

Stephen P. Murphy
Senior Vice President, General Counsel, and
Secretary
Yellow Freight System, Inc.
Overland Park, Kansas 66207

Sponsor: House Committee on Public Works and Transportation

John M. Allen
Commissioner
Arkansas Transportation Commission
Justice Building
Little Rock, Arkansas 72201

Vincent J. Graber, Sr.
Chairman, Assembly Standing Committee
on Transportation
New York Assembly
830 Legislative Office Building
Albany, New York 12248

David F. Norcross
Myers, Rabil & Norcross
406 Pleasant Valley Avenue
Moorestown, New Jersey 08057

Melvin H. Smith
Director, Divison of Traffic Safety
Illinois Department of Transportation
2300 S. Dirksen Parkway, Room 319
Springfield, Illinois 62764

Robert J. Forman
Vice President, Safety/Security
Trailways Lines, Inc.
1500 Jackson Street
Dallas, Texas 75201

Thomas C. Schumacher, Jr.
Executive Vice President
California Trucking Association
1251 Beacon Boulevard
West Sacramento, California 95691

Lawrence H. Stern
President
Sterns Transport, Inc.
Post Office Box 397
Bradley Beach, New Jersey 08820

SENATOR LAUTENBERG: What have been the meetings and findings to date?

ANSWER: The Safety Panel meetings held to date have centered on the collection of information from the States and the development of a process for efficiently comparing State requirements with the Federal regulations.

SENATOR LAUTENBERG: When will the panel complete its work?

ANSWER: The Act requires that after the last day of the 60-month period beginning on the date of the enactment of the Act, no State may have in effect or enforce motor vehicle safety laws or regulations which the Secretary finds may not be in effect and enforced. As its part, the Committee plans to have reviewed nearly all of the State laws and regulations by the end of calendar year 1987. However, this work is likely to continue for some time as changes in the State laws and regulations are continually occurring. The new changes will need to be reviewed by the Committee. Additionally, the Safety Panel must also review any Federal regulations issued under Section 206 of the Act.

SENATOR LAUTENBERG: Briefly describe goals and objectives of the panel and expected work products.

ANSWER: The Safety Panel has as its goals and objectives the analysis (as to stringency) and the evaluation of the estimated 70,000 State motor carrier safety laws and regulations. The panel intends to initiate the analysis phase at the next meeting. The bulk of this work will hopefully be completed by the end of the year. Once the Safety Panel has completed their stringency review, the States and the public will be provided the opportunity to review and make comments regarding these determinations. The Panel will then make its recommendations to the Secretary as to which State regulations should be allowed to remain in effect and which should not be allowed to remain in effect.

HIGHWAY-RELATED SAFETY GRANTS PROGRAM

SENATOR LAUTENBERG: List the Highway Related Safety Grants awarded by State for Fiscal Years 1985 and 1986 for the Section 402 program administered by the Federal Highway Administration (and Grants awarded for FY 1987 if available).

ANSWER: Following is a table showing Section 402 Highway Related Safety Grants awarded by State in Fiscal Year 1985 and Fiscal Year 1986 after Gramm-Rudman. Grants have not been awarded for Fiscal Year 1987 pending availability of new authorizations.

Section 402 FHWA Highway Related Safety Grants
For Fiscal Year 1985 and Fiscal Year 1986 After Gramm-Rudman

State	FY 1985	FY 1986 After Gramm-Rudman
Alabama	175,497	167,999
Alaska	49,500	47,372
Arizona	131,954	126,043
Arkansas	118,853	113,605
California	848,938	811,452
Colorado	137,264	131,220
Connecticut	109,437	104,712
Delaware	49,500	47,372
Florida	362,684	350,347
Georgia	235,574	225,593
Hawaii	49,500	47,372
Idaho	71,477	68,390
Illinois	440,816	421,529
Indiana	228,343	218,257
Iowa	160,085	153,069
Kansas	155,061	148,139
Kentucky	157,119	150,348
Louisiana	167,320	160,163
Maine	49,500	47,372
Maryland	148,991	142,551
Massachusetts	200,652	191,944
Michigan	362,412	346,641
Minnesota	205,195	196,200
Mississippi	122,545	117,271
Missouri	226,849	216,987
Montana	68,440	65,341
Nebraska	105,454	100,769
Nevada	51,903	49,610
New Hampshire	49,500	47,372
New Jersey	251,768	240,861
New Mexico	73,995	70,532
New York	618,003	591,201
North Carolina	241,035	230,683
North Dakota	72,989	69,772
Ohio	407,440	389,957
Oklahoma	162,232	155,149
Oregon	164,331	157,673
Pennsylvania	442,917	423,799
Rhode Island	49,500	47,372
South Carolina	136,659	130,712

South Dakota	66,545	63,577
Tennessee	195,274	186,912
Texas	614,987	589,803
Utah	74,016	72,088
Vermont	49,500	47,372
Virginia	207,553	198,638
Washington	182,066	171,157
West Virginia	82,334	78,963
Wisconsin	213,812	204,499
Wyoming	49,500	47,372
District of Columbia	49,500	47,372
Puerto Rico	105,181	101,680
American Samoa	24,750	23,686
Guam	24,750	23,686
Northern Marianas	24,750	23,686
Virgin Islands	24,750	23,686
Secretary of Interior	49,500	47,372
SUBTOTAL	9,900,000	9,474,300
ADMINISTRATION	100,000	95,700
TOTAL	10,000.000	9,570,000

SENATOR LAUTENBERG: What was the basis (criteria) for awarding these Grants? List the six priority program areas.

ANSWER: Funds are distributed to States according to legislative apportionment formula and obligated for specific projects on the basis of criteria established in the April 1982 Final Rule which identified priority program areas for future Federal funding under 23 U.S.C. 402 by the National Highway Traffic Safety Administration (NHTSA) and the Federal Highway Administration (FHWA). The six priority program areas identified for funding in the rule are listed below.

NHTSA Program Areas
- o Alcohol Countermeasures
- o Police Traffic Services
- o Occupant Protection
- o Traffic Records
- o Emergency Medical Services

FHWA Program Area
- o Safety Construction and Operational Improvements

SENATOR LAUTENBERG: Ten million is available each year for obligation. What is the request experience for Fiscal Years 1985, 1986 and 1987.

ANSWER: State programs indicate they could use approximately $14 to $15 million each year during Fiscal Years 1985, 1986 and 1987.

HIGHWAY RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: Does the FHWA have a five year plan for its research and development program? If not, why not? If so, please provide a brief description of the five year goals of the R&D.

ANSWER: FHWA does not have a five year plan for its research and development program, however, a multi-year plan is being developed to define studies which will complement the work being performed under the Strategic Highway Research Program (SHRP), the National Cooperative Highway Research Program (NCHRP), and the Highway Planning and Research Program (HP&R). This program, called

the Nationally Coordinated Program for Research, Development, and Technology, will describe long range goals and objectives, and will facilitate the coordination with other trust fund organizations performing highway research.

SENATOR LAUTENBERG: Has the FHWA Research effort ever been evaluated by the National Academy of Science? If so, what were the findings and when was this analysis conducted?

ANSWER: The National Academy of Sciences has not conducted an evaluation of the collective research and development effort underway at FHWA. The Transportation Research Board (TRB) of the National Academy of Sciences, however, annually conducts reviews of specific project areas to identify gaps in existing research, to define needed research activities, and to prioritize research needs. These recommendations are used by project managers in developing their multi-year plans.

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS

SENATOR LAUTENBERG: Please update the tables contained on pages 399 and 400 of Senate Hearings Report 99-721, Part 1.

ANSWER: The requested tables follow:

ALLOCATIONS TO RAIL-HIGHWAY CROSSING DEMONSTRATION
PROJECTS BY FISCAL YEAR
(in thousands of dollars)

Project	FY 74-80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	Total
Wheeling, WV	$ 600	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ ---	$ 600
August, GA	981	251	---	---	---	4,840	957	2,000	9,029
Anoka, MN	3,515	(600)	---	---	---	---	---	---	2,915
Blue Island	230	---	---	---	---	---	---	---	230
Carbondale, IL	16,004	(3,670)	8,970	---	---	500	2,871	---	24,675
Dolton, IL	210	375	---	---	---	---	---	---	585
E. St. Louis, IL	4,901	1,200	---	---	2,560	---	---	---	8,661
Springfield, IL	4,756	244	119	---	---	2,875	---	8,725	16,720
Hammond, IN	1,400	12,400	570	---	---	---	---	---	14,370
Lafayette, IN	1,929	4,071	---	---	1,800	7,000	5,264	3,500	23,564
New Albany, IN	2,575	---	---	---	(249)	---	---	---	2,326
Terre Haute, IN	400	6,600	---	---	---	---	---	---	7,000
Metairie, LA	252	---	950	---	500	---	---	---	1,702
Pine Bluff, AR	255	---	300	---	200	5,900	957	---	7,612
Brownsville, TX	1,510	---	---	---	2,660	1,500	2,392	750	8,812
Greenville, TX	9,500	---	---	---	---	---	---	---	9,500
Sherman, TX	---	---	---	---	---	---	---	---	---
Lincoln, NB	5,100	---	250	---	5,429	1,800	2,871	2,000	17,450
Elko, NV	35,341	194	4,895	---	2,100	---	---	---	42,530
TOTALS:	$84,459	$21,065	$16,054	$ ---	$15,000	$24,415	$15,312	$16,975	$198,280

( ) - Denotes deallocation of funds

RAIL-HIGHWAY CROSSING DEMONSTRATION PROJECTS
(dollars in thousands)

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Wheeling, WV	Rail relocation in downtown	$ 600	$ 600 (a)
Augusta, GA	Rail relocation involving three railroads	142,000	9,029
Anoka, MN	Grade separation	3,100	2,915
Blue Island, IL	Grade separation	5,900	230 (a)
Carbondale, IL	Depress rail line in downtown	82,700	24,675
Dolton, IL	Grade separation	9,400	585 (a)
E. St. Louis, IL	Seven grade separations and minor rail relocation	28,700	8,661
Springfield, IL	Rail relocation southwest of city, grade separations in city	23,000	16,720
Hammond, IN	Rail relocation within downtown area	64,600	14,370
Lafayette, IN	Rail relocation within downtown area	94,200	23,564
New Albany, IN	Minor rail relocation	2,600	2,326
Terre Haute, IN	Grade separation	7,400	7,000
Metairie, LA	Rail consolidation and grade separation	19,000	1,702
Pine Bluff, AR	Five grade separations and minor rail relocation	19,900	7,612

Project	Description	Total Estimated Cost	Demonstration Funds Allocated
Brownsville, TX	Rail relocation to loop around city	$ 44,900	$ 8,812
Greenville, TX	Grade separation and minor rail relocation	14,800	9,500
Sherman, TX	--------- WITHDREW FROM PROGRAM ----------		
Lincoln, NB	Three grade separations and minor rail relocations	29,000	17,450
Elko, NV	Rail relocation to loop around downtown	44,800	42,530
		$ 636,600	$ 198,280

(a) Project not under construction by September 30, 1985. In accordance with Section 163(p) of the Federal-Aid Highway Act of 1973, as amended, no further demonstration funds will be provided to the project.

SPECIAL PURPOSE APPROPRIATED ACCOUNTS

SENATOR LAUTENBERG: Prove a brief description and update on the various single purpose appropriated highway projects (e.g., Expressway Gap Closing, Baltimore-Washington Parkway, Airport Highway Demonstration Projects) include status of construction, funds obligated and unobligated.

ANSWER: The information follows:

Special Programs/Projects
1987 Appropriations Act (P.L. 99-591)

Program/Project	Location	Obligated $	Unob. Bal. $	Status
Access Highways to Lakes	Various	0	5,000,000	Allocations made for earmarked projects; other projects being selected
Airport Access	New Orleans, LA	0	2,500,000	Preliminary studies underway.
Airport Access Demonstration	Ontario, CA	0	4,000,000	Preliminary Studies Underway
Baltimore-Washington Parkway	MD, DC	0	8,000,000	Consultant selected for design and environmental studies
Expressway Gap Closing Demonstration	Woodland, CA	0	6,200,000	Design and right-of-way acquisition underway
Highway Safety and Economic Development Project	MS	0	10,000,000	Projects being selected
Highway Safety Improvement Project	MI	0	4,800,000	Projects being designed
Highway-Railroad Grade Separation	NY	0	2,000,000	Projects being designed
Intermodal Urban Demonstration	Minneapolis, MN	0	10,000,000	Final design underway
Nuclear Waste Transportation Safety Demonstration	NM	0	2,000,000	Environmental studies underway
Railroad-Highway Crossings Demonstration Projects	Various	154,474,000	32,057,000	Projects under construction. (Includes approp. from prior acts)
Theodore Roosevelt Bridge Capacity Improvements	VA, DC	0	1,500,000	Preliminary studies underway.
Waste Isolation Pilot Project	NM	30,255,653	8,643,346	Projects under construction. (Includes approp. from prior acts.)
	Total:	184,729,653	96,700,346	

MISCELLANEOUS APPROPRIATION

SENATOR LAUTENBERG: Page 148 of the Budget Justification lists a number of appropriated accounts for which no obligations are expected in FY 1988. Why won't there be obligations?

ANSWER: We estimate that all funds currently available for obligation will be fully obligated during FY 1987 resulting in zero unobligated balances available for FY 1988.

SENATOR LAUTENBERG: What is the status of the Rural Highway Public Transportation Demonstration Program?

ANSWER: Initially, FHWA managed the Rural Highway Public Transportation Demonstration Program defined under Section 147, however, this activity has now been transferred to a new program under Section 18 which is being managed by UMTA.

ACCESS HIGHWAYS TO LAKES

SENATOR LAUTENBERG: As of January 31, 1987, there remains $12.2 million of unobligated funds. Are these funds allocated to specific projects?

ANSWER: With the exception of $2,831,000 of FY 1987 funds which will be allocated in the immediate future, all access-to-lakes funds have been allocated for approved and earmarked projects.

SENATOR LAUTENBERG: Provide the committee with a listing of approved and earmarked projects with the amount of funds.

ANSWER: Approved and earmaked projects are listed below:

ACCESS HIGHWAYS TO PUBLIC RECREATION AREAS ON CERTAIN LAKES
As of January 31, 1987

State and Project	Funds Appropriated in Appropriations Act for Fiscal Year	Allocations ($000)
ARKANSAS		
Beaver Lake (Benton County)(586)	1985	$ 760
CALIFORNIA		
Parrotts Ferry Road (Calaveras County)(637, 665)	1978	2,800
GEORGIA		
SR-347 to Lake Sydney Lanier (Hall County)(600)	1986	837

State and Project	Funds Appropriated in Appropriations Act for Fiscal Year	Allocations ($000)
ILLINOIS		
Coon Creek, Lake Shelbyville (Shelby County)(586)	1985	570
INDIANA		
Brookville Lake Access Road (628)(631)	1976; 1977	2,142
Lake Monroe (637, 665)	1978	4,550
Lake Patoka (Dubois County)(664)	1980	4,600
IOWA		
Lake Red Rock (655)	1979	500
Howell Station Campground (Marion County)(655)	1979	100
Saylorville Lake (664)	1980	1,600
KANSAS		
Clinton Parkway (Douglas County)(628, 655)	1976; 1977; 1979	$ 6,730
FAS-328 to Perry Reservoir (Jefferson County)(600)	1986	650
KENTUCKY		
Laurel Lake (Whitley County)(600)	1986	2,729.5
MICHIGAN		
Lake Ovid (Clinton County)(586)	1985	17
MINNESOTA		
Lake Pepin (Goodhue County)(600)	1986	712.5

State and Project	Funds Appropriated in Appropriations Act for Fiscal Year	Allocations ($000)
MISSISSIPPI		
Arkabutla Reservoir (628)	1976	500
SR-315 (Panola County) and Coontown Road (655) (Lafayette County)	1979	1,240
Gums Crossing/Graystown Crossing (664)	1980	400
Graysport-Gums Access Road (Yalobusha County)(586)	1985	134
Big Creek-Calhoun City Road (Grenada Lake, Calhoun County)(600)	1986	456
NEVADA		
Rye Patch Reservoir (Pershing County)(586)	1985	$ 1,000
NEW MEXICO		
Access to Sims Mesa (665)	1981	2,250
NORTH DAKOTA		
Lake Ashtabula/Bald Hill Dam (Barnes County)(637)	1978	750
Lake Ashtabula (Barnes County) (664)	1980	950
Banks Road (Lake Sakakawea, McKenzie County)(655)	1979	1,960
Lewis and Clark Road, FASS 2921 (Lake Sakakawea, Mercer County)(655, 664)	1979; 1980	79: 1,500 80: 2,100
Tabacco Garden Road (McKenzie County)(665)	1981	1,200
St. Mary's Township Road (McLean County)(665)(585)	1981; 1984	81: 210 84: 105
New Town Road (Mountrail County, Lake Sakakawea)(665)(585)	1981; 1984	81: 5,000 84: 1,333
Access Lake Sakakawea (Mercer County)(665)(585)	1981; 1984	81: 3,590 84: 1,000
Oahe Reservoir Recreation Area (Emmons County)(600)(585) Beaver Bay Recreation Area (Emmons County)(600)(585) Hazelton Recreation Area (Emmons County)(600)(585)	1982; 1984	82: 2,625 84: 700
Little Missouri Bay Recreation Area (Dunn County, Lake Sakakawea)(600)(585)	1982; 1984	82: 3,850 84: 1,026

State and Project	Funds Appropriated in Appropriations Act for Fiscal Year	Allocations ($000)
Lake Ashtabula (Barnes County) (600)(585)	1982; 1984	82:$ 400 84: 106
Pipestem Lake & Jamestown Reservoir (Stutsman County)(586)	1985	1,710
C.R. 8 to Lake Audobon (McLean County)(600)	1986	2,100
Morton County Project (600)	1987	1,700
Rice Lake Project (Ward County)(600)	1987	469
OHIO		
Paint Creek Reservoir (628, 631)	1976; 1977	76: 2,545 77: 1,410
OREGON		
Crater Lake Highway (S.R. 62) (Jackson County)(600)	1986	2,100
PENNSYLVANIA		
Hemlock Road (628, 631)	1976; 1977	1,263
Lake Raystown (628, 631)	1976; 1977	1,884
Bliss Road (Tioga County)(665)	1981	1,875
Route T-430 (Huntington County) (Raystown)(665)	1981	2,400
SOUTH DAKOTA		
Dodge Draw on Lake Oahe (Potter County)(586)	1985	310
TENNESSEE		
Casey Cove Road (628)	1976	$ 500
Pioneer Road (665)	1978; 1983	78: 550 83: -525
TEXAS		
Tickey Creek Park Road (628)	1976	393
VIRGINIA		
Route 603 to Moomaw Lake (Bath County)(586)(600)	1985 1986	499 200
TOTAL:		$ 85,066

FHWA ORGANIZATION AND PERSONNEL

SENATOR LAUTENBERG: Update the chart on page 395 of Senate Hearings Report 99-721, Part 1.

ANSWER:

	Estimated Number of Personnel		Estimated** Associated Costs (Dollars in thousands)	
	FY 1987	FY 1988	FY 1987	FY 1988
Office of the Admin.	18	17	$ 962	$1,041
Office of Chief Counsel	38	36	2,072	2,241
Office of Public Affairs	3	3	145	156
Office of Program Review	5	5	234	254
Office of Civil Rights	16	15	880	951
Associate Administrator for Policy	85	81	5,833	5,674
Associate Administrator for Research, Development Technology	143	*	35,094	35,595
Associate Administrator for Right-of-Way and Environment	59	56	3,903	3,681
Associate Administrator for Engineering and Program Development	183	174	32,423	26,565
Associate Administrator for Safety and Operations	66	63	4,034	3,810
Associate Administrator for Motor Carrier	14	13	943	1,064
Associate Administrator for Administration	253	241	43,099	46,604

*Note: Number of personnel for FY 1987 will be dependent upon the outcome of a review to determine the feasibility of privatizing certain research and development functions.

**Note: Associated costs represent General Operating Expenses including salaries, fringe benefits, travel, contract funds, etc.

SENATOR LAUTENBERG: Explain the increase from 1985 to 1986 in personnel total positions and full-time equivalents.

ANSWER: The following table compares positions and full-time equivalents for the years FY 1985 and FY 1986 (actual):

	1985	1986	Difference
Positions	3,406	3,458	+52
Full-Time Equivalents, Ceiling	3,457	3,438	-19

Positions

The increase of 52 full-time permanent positions is a net change of all FHWA accounts funding people. The most important changes result from the increase in Motor Carrier Safety (resulting from the increase for 90 of the 150 trainees, approved to double FHWA's motor carrier field force, and to a lesser degree, for hazardous materials personnel), offset by reductions in the General Operating Expenses area (resulting from administrative reductions) and offset by a reduction in the Miscellaneous Trust Funds account (resulting from the transfer of the Saudi Arabia highway function from FHWA to OST).

Full-Time Equivalents

The decrease of 19 full-time equivalents, subject to ceiling is also a net change of all accounts funding people. FHWA's General Operating Expenses account utilized 34 fewer full-time equivalents in FY 1986 compared to FY 1985 because of the hiring restrictions which FHWA was required to impose as a result of the Gramm-Rudman-Hollings funding reductions. FHWA's Motor Carrier Safety account utilized 12 more full-time equivalents in FY 1986 compared to FY 1985 because of the impact of the additional trainees who started coming on board toward the end of FY 1986. Other changes are relatively minor.

SENATOR LAUTENBERG: Explain the decrease from 1986 to 1987 in terms of personnel total positions and full-time equivalents.

ANSWER: The following table compares positions and full-time equivalents for the years FY 1986 and FY 1987 (projected):

	1986	1987	Difference
Positions	3,458	3,504	+46
Full-Time Equivalents, Ceiling	3,438	3,620	+182

Positions

The increase of 46 full-time permanent positions is a net change of all FHWA accounts funding people. The most important changes result from the increase in Motor Carrier Safety (resulting from the remaining increase for 60 of the 150 trainees described above), offset by minor decreases in General Operating Expenses for an administrative reduction, and also offset by a reduction in the transfer/allocation area for the "phase-out" of the Northeast Corridor program.

Full-Time Equivalents

By far, the effect of the hiring Motor Carrier Safety trainees during FY 1986 and FY 1987 is the single largest factor increasing FHWA's full-time equivalents from FY 1986 to FY 1987. The FY 1988 Budget shows an increase of 161 Motor Carrier in FY 1987 from FY 1986 actual. A small increase in General Operating Expenses full-time equivalents from FY 1986 to FY 1987 is anticipated because funding restrictions are less severe in FY 1987 compared to FY 1986, permitting slightly more liberal use of full-time equivalents. Other changes are relatively minor.

SENATOR LAUTENBERG: Explain the rationale for combining the Highway Safety Research and Development Account with Highway Research and Development.

ANSWER: The FHWA research and development program is intended to complement work done under programs such as the Strategic Highway Research Program (SHRP), the National Cooperative Highway Research Program (NCHRP), and the Highway Planning and Research Program (HP&R). The combining of funds designated for highway safety with those designated for general highway research into a single account will provide the flexibility needed to fully support work being carried out by other trust fund organizations.

PERFORMANCE BONUSES FOR SES EMPLOYEES

SENATOR LAUTENBERG: Provide a list by office of those receiving SES Bonuses for Fiscal Year 1985 and 1986, and amount received.

ANSWER: As requested, following is a listing of those receiving SES Bonuses for Fiscal Years 1985 and 1986, along with the amount of the Bonuses:

Fiscal Year 1985

Office of the Executive Director:
Richard D. Morgan, $12,800.00

Associate Administrator for Engineering and Operations:
Rex C. Leathers, $9,660.00
David S. Gendell, $3,920.00
Stanley Gordon, $3,920.00
Lawrence A. Staron, $3,920.00

Associate Administrator for Research, Development and Technology:
Richard E. Hay, $3,920.00
Charles F. Scheffey, $3,920.00

Associate Administrator for Safety, Traffic Engineering and Motor Carriers:
Marshall Jacks, Jr., $4,020.00
R. Clarke Bennett, $3,920.00

Associate Administrator for Planning and Policy Development:
Dennis C. Judycki, $3,920.00

Associate Administrator for Administration:
Daniel Markoff, $9,660.00
Roy S. Marcey, $5,980.00
Rosalie R. Wilson, $3,780.00

Region 3, Baltimore, Maryland:
George R. Turner, Jr., $5,980.00

Region 4, Atlanta, Georgia:
Leon N. Larson, $5,980.00

Region 5, Homewood, Illinois:
John O. Hibbs, $9,420.00

Region 8, Lakewood, Colorado:
Morris C. Reinhardt, $5,980.00

Fiscal Year 1986

Office of the Executive Director:
Richard D. Morgan, $13,700.00
Associate Administrator for Engineering and Program Development:
Ronald E. Heinz, $7,600.00
Bob B. Myers, $4,750.00
Associate Administrator for Research, Development and Technology:
David K. Phillips, $7,800.00
George M. Shrieves, $4,750.00
Associate Administrator for Safety and Operations:
Howard C. Hanna, $4,750.00
Sheldon G. Strickland, $4,600.00
Associate Administrator for Policy:
Anthony R. Kane, $6,850.00
Associate Administrator for Right-of-Way and Environment:
Ali F. Sevin, $4,750.00
Eugene W. Cleckley, $4,600.00
Associate Administrator for Motor Carriers:
John P. Eicher, $4,750.00
Associate Administrator for Administration:
Daniel Markoff, $7,800.00
George S. Moore, $4,750.00
Region 1, Albany, New York:
John G. Bestgen, $6,850.00
Region 7, Kansas City, Missouri:
E. Dean Carlson, $6,850.00
Region 9, San Francisco, California:
Edwin M. Wood, $7,000.00
Region 10, Portland, Oregon:
M. Eldon Green, $4,750.00

SENATOR LAUTENBERG: How much is budgeted for "Bonuses" in Fiscal Years 1987 and 1988?

ANSWER: As in past years, the Fiscal Year 1987 and 1988 SES Bonuses will be based on Federal law and Office of Personnel Management guidelines. By law, the total amount of performance awards paid by the Department of Transportation in a fiscal year may not exceed 3 percent of the aggregate amount of basic pay paid to career appointees in the Department of Transportation (DOT) during the previous fiscal year. Distribution and amount of Federal Highway Administration (FHWA) performance awards is determined by the Department on a Department-wide basis. Awards are paid each year from each DOT operating administration's budget. The FHWA has budgeted $100,000 for SES performance awards for each of fiscal years 1987 and 1988.

OFFICE OF PROGRAM REVIEW

SENATOR LAUTENBERG: List the program reviews conducted by the Program Review Office during Fiscal Years 1985, 1986 and underway in 1987. What were the results of these reviews? What reviews are planned for F.Y. 1988?

ANSWER: F.Y. 1985--None. The Office of Program Review was not operational.

F.Y. 1986--1. An Evaluation of the Effectiveness of Federal Highway Program Manual (FHPM) 1-7-2, The Use of Consultants. Recommended revision of FHPM 1-7-2 to provide more detailed guidance to field personnel in the use of consultants.

2. "Turnkey" Right-of-Way Project Review. Recommended development of "model contract" for use in Turnkey Right-of-Way projects. Recommended increased monitoring of progress and quality of work performed.

3. Financial Management Program Review. Recommended revision of Federal Highway Administration (FHWA) Order H 2500.1 to establish a reasonable review cycle and additional emphasis on importance of financial management evaluations.

4. Design Monitoring Program Review. Recommended field personnel review their current approach to design monitoring and adjust where necessary, to achieve early and intermediate project level design involvement.

F.Y. 1987--1. Managing Unexpended Balances of Obligated Funds. Recommended FHWA Headquarters develop and periodically furnish to field offices information comparing unexpended balances of obligated funds to available unobligated balances for assistance in maximum utilization of funds.

2. Bridge Replacement Program - Unit Cost Determination. Recommended instructions regarding submittal of unit cost data be clarified. Recommended increased monitoring of the States' unit cost data preparation.

3. Motor Carrier Safety Assistance Program. Review not yet completed.

4. Project Involvement with Contaminated Waste Sites. Review not yet completed.

5. Accuracy of Data for Highway Performance Monitoring System Field Sections. Review not yet completed.

6. Use of Incentive-Disincentive Clauses. Review not yet completed.

F.Y. 1988--Identification of specific review areas for F.Y. 1988 is not yet accomplished.

Questions Submitted by Senator Byrd

DISCRETIONARY BRIDGE FUNDING

SENATOR BYRD: In the report accompanying the FY 1986 Transportation and Related Agencies Appropriation Bill, language was included to give priority consideration for discretionary bridge monies to the Williamstown-Marietta Bridge. How much has been provided to the State for the replacement of the bridge, how much additional funding will be required, and what is the current schedule for completion of this construction?

ANSWER: The State has not received discretionary bridge funds for the Williamstown-Marietta Bridge. The State has requested $4.0 million of FY 1987 discretionary bridge funds. The estimated total Federal funds required for the project is $14.4 million. The project is scheduled for completion in the Fall of 1989.

SENATOR BYRD: West Virginia has a number of other bridges that qualify for discretionary bridge monies--the Chelyan Bridge, the 6th Street Bridge in Huntington, the Shadle Bridge at Point Pleasant, the Market Street Bridge and the 10th Street Bridge in Wheeling. How much funding has been provided to the State from the discretionary program for these bridges, and what is the schedule on these projects?

ANSWER: These bridges have not received any discretionary bridge funds. Administration policy is to fund bridges ready for construction and right-of-way within one year of construction. The schedule for these projects is:

Bridge	Begin Construction	Complete Construction
Chelyan	1989	1991
6th Street-Huntington	1989	1991
Shadle-Point Pleasant	1990	1992
Market Street-Wheeling	1990	1992
10th Street-Wheeling	1990	1992

SENATOR BYRD: The Southside Bridge in Charleston, West Virginia, is another bridge that is unsafe. Has the Federal Highway Administration provided monies from the discretionary bridge funds or other programs to the State for either the replacement or repair of this bridge, and if not, why not?

ANSWER: The State has not received any discretionary bridge funds for the Southside Bridge in Charleston. Further, the State has not requested fiscal year 1987 funds for the bridge. When discretionary bridge funds are requested, the bridge will be considered along with all other eligible candidates. Apportioned bridge funds have been used for inspection of the bridge. No other Federal-aid funds have been requested.

SENATOR BYRD: How much funding has been requested by the State of West Virginia from the discretionary bridge account for fiscal years 1985, 1986, and 1987, and how much funding has been provided?

ANSWER: West Virginia has requested discretionary bridge funds for the last 3 fiscal years as follows:

	Requested	Received
FY 85	$4.8 million	0
86	6.4	$.5 million
87	8.0	Funds not yet allocated

SENATOR BYRD: Has the Federal Highway Administration undertaken a survey, by State, of the number of bridges that are in an unsafe condition and in need of repair or replacement, and if so, would you provide a copy of that survey for the record?

ANSWER: The FHWA does not maintain a list of unsafe bridges. The purpose of the national bridge inspection program is to keep the public from traveling on unsafe bridges. Most bridges in need of repair or replacement are not necessarily unsafe. Many deficient bridges can continue to serve most traffic with proper load posting and enforcement, and by the use of traffic control devices such as roadway striping, signs, signals and crash cushions.

REAUTHORIZATION BILL

SENATOR BYRD: The Highway authorization bill has been passed by both Houses of Congress and is currently before a joint House-Senate Conference Committee. Has the Federal Highway Administration taken steps, in anticipation of the adoption of that bill, to release highway monies to the States as soon as the bill is signed?

ANSWER: Yes, the Federal Highway Administration will release the apportioned FY 1988 Interstate and Interstate 4R funds and FY 1987 non-Interstate funds as soon as the bill becomes law.

SENATOR BYRD: The Highway Bill also includes provisions to allow the West Virginia Turnpike Commission to renegotiate its Section 129 Agreement with the Federal Highway Administration in order to refinance its indebtedness. Upon enactment of that legislation, is the Federal Highway Administration prepared to act quickly to renegotiate that agreement with the West Virginia Turnpike Commission?

ANSWER: A request for renegotiation would have to be initiated by the State Highway Department of West Virginia. We are prepared to act quickly when the request is received.

QUESTIONS SUBMITTED BY SENATOR D'AMATO

MOTOR CARRIER ADMINISTRATION

SENATOR D'AMATO: Last week, Senator Hollings introduced legislation which would create a separate Motor Carrier Administration. This legislation, which is strongly supported by the American Trucking Association, responds to concerns that the Federal Highway Administration views its top priority highway construction activities, and does not place sufficient emphasis on its Bureau of Motor Carrier Safety. What is the Administration's position on this legislation (especially since the Administration proposed placing the Bureau of Motor Carrier Safety in the National Highway Transportation Safety Administration in previous years)?

ANSWER: As we have testified in the past, the Department opposes establishing a separate Motor Carrier Administration because it would result in three agencies within DOT dealing with motor carrier issues, rather than two as we have now. This would hinder the coordinated planning and implementation of policies associated with motor carrier issues and other transportation improvements we have already put in place.

Responding to this proposal in the past, the Department studied several options for the motor carrier program, including the possibility of moving the program to the National Highway Traffic Safety Administration. No benefits from such a move were identified.

To address trucking concerns on a continuing and comprehensive basis we have established within the FHWA a position of Associate Administrator for Motor Carriers who serves as the primary focal point in the DOT for contacts with representatives of the motor carrier industry on all motor carrier transportation matters. This official is also instrumental in proposing new and revised legislation and in developing rules, policies, and procedures to carry out the Department's responsibilities for motor carrier transportation. Through this organizational arrangement, we have established a high level point of access within the Department for the trucking industry representatives to contact to make known their views on significant motor carrier issues.

SENATOR D'AMATO: In view of the ever-increasing need to find solution to safety issues, productivity and highway access, please explain the Department's opposition:

ANSWER: We believe that by establishing the Associate Administrator for Motor Carrier position we are successfully addressing the principal concerns of the Congress, the motor carrier industry, and others concerning the administration of the agency's motor carrier and motor carrier safety programs.

SENATOR D'AMATO: Since the other transportation "modes" have separate Administrations (FRA, FAA, Transit), why shouldn't the motor carrier industry?

ANSWER: We have addressed this question to a great extent in our response to your earlier question about our position on the proposed legislation for a new Administration. We would add that FHWA serves all highway users. The motor carrier industry is an important user, accounting for nearly one-quarter of the vehicle miles traveled on our nation's roads and highways.

The FHWA has long worked cooperatively with State highway officials, and we believe the motor carrier industry will benefit from this tradition in light of the new motor carrier initiatives and the important services States provide to motor carriers. The FHWA has established a close working relationship with other State officials during implementation of the Motor Carrier Safety Assistance Program and the Commercial Driver's License Program. These are State administered programs supported by the highway trust fund. We are working with the States and the National Governors' Association to create simple, uniform State taxation and registration procedures for motor carriers. The motor carrier industry has been an equal partner in these initiatives. We believe this partnership among FHWA, the States, and the motor carrier industry will long be able to respond effectively to the everchanging public and private interest in motor carrier issues.

MOTOR CARRIER DRUG TESTING

SENATOR D'AMATO: Legislation reported out of the Senate Commerce Committee requires the Secretary to promulgate regulations and develop a four-State pilot program for testing in the motor carrier industry. What States are likely to be selected for any pilot programs?

ANSWER: We do not know which States would be selected and do not want to prejudge the selection until we have had the opportunity to solicit interest from all the States.

Generally we would select States on the basis of geographical representation, population, and a State's experience with drug testing initiatives. More than a dozen States are considering legislation to allow or require drug testing in the work place. Wyoming has banned it. Oregon and Maine are considering legislation that would ban it.

SENATOR D'AMATO: In the event drug testing legislation becomes stalled in Congress, what administrative steps will be taken by the Department?

ANSWER: The Department plans to simultaneously issue proposed rules for drug testing of employees in all sectors of the transportation industry. As part of this effort, FHWA plans to issue proposed regulations to require testing of drivers, mechanics, loaders, and driver-helpers including: (1) pre-employment testing, (2) periodic testing, (3) random testing, (4) testing for reasonable cause, and (5) post accident testing.

Questions Submitted by Senator Cochran

SENATOR COCHRAN: When we compare interstate system accomplishments for fiscal year 1985 and 1986, we see a major reduction in the number of interstate miles put into service and those miles put under contract. What factors contributed to the decline, and what needs to be done to ensure timely completion of our federal interstate system?

ANSWER: As we approach completion of the Interstate System, much of the remaining work is made up of the most complex and expensive segments to be built. Sufficient funding is needed and such funding should be provided in a timely manner. This has not been true in recent years when approval of apportionment factors has delayed the delivery of Federal funds to the States. Early enactment of reauthorization legislation, sufficient funding levels, and timely approval of apportionment factors in the future would help to ensure timely completion of the System.

SENATOR COCHRAN: What specific measures do you plan to implement to ensure increased safety and compliance should the proposed 65 mph speed limit increase on rural interstate highways become law?

ANSWER: The Federal Highway Administration would urge the States to closely monitor the speed, accident and fatality statistics that are recorded on the mileage where the limit increases. In the case of speed monitoring, the FHWA will ask all States raising the speed limit to collect speed data in the sections with the higher limit. As presently worded, there are no compliance requirements for those highway sections where the limit is increased. Thus speed monitoring

on those sections will become voluntary on the part of the State, as all speed data collection was prior to 1975.

If statistically valid data begin to show a degradation in safety or speed limit compliance on those sections with a higher speed limit, we are confident that the State transportation agencies will implement appropriate countermeasures.

SENATOR COCHRAN: The Federal Highway Administration is requesting an increase over the fiscal year 1987 funding level for the Motor Carrier Safety Program. How will increased funding be used to reduce the incidence of trucking accidents on our interstate highway system?

ANSWER: The Motor Carrier Program has undergone substantial programmatic and procedural changes over the past few years with the majority of the changes resulting from various legislative and departmental initiatives. Some of the changes include the expansion of the Motor Carrier Safety Assistance Program (MCSAP), the hiring of 150 new field safety specialists, the recently mandated Commercial Driver Licensing Program, and the development of new national programs -- Educational and Technical Assistance Program, Selective Compliance and Enforcement Program, and the very important Accident Prevention Program. In addition, over the next 3 years FHWA is dedicated to fixing safety fitness ratings and monitoring the activities of approximately 185,000 motor carriers currently operating without a rating. These programs are all designed to mitigate or eliminate the risks associated with preventable accidents on our Nation's highways.

In order to effectively manage and administer the expanding program, we must provide the necessary support to these programs through research, information management, travel funds, office space and supplies, operational support, and other program support activities.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

STATEMENT OF DIANE K. STEED, ADMINISTRATOR

ACCOMPANIED BY:

BARRY FELRICE, ASSOCIATE ADMINISTRATOR, RULEMAKING
GEORGE L. PARKER, ASSOCIATE ADMINISTRATOR, ENFORCEMENT
GEORGE REAGLE, ASSOCIATE ADMINISTRATOR, TRAFFIC SAFETY PROGRAMS
MICHAEL FINKELSTEIN, ASSOCIATE ADMINISTRATOR, RESEARCH AND DEVELOPMENT
ADELE SPIELBERGER, ASSOCIATE ADMINISTRATOR, PLANS AND POLICY
JEFFREY R. MILLER, DEPUTY ADMINISTRATOR

STATEMENT OF SENATOR LAUTENBERG

Senator LAUTENBERG. I would like to call up Diane Steed of the National Highway Traffic Safety Administration. Before you arrived, Ms. Steed, I made some comments that I would like to repeat, just so you know this subcommittee and its chairman's views.

I am particularly interested in many of your programs, particularly one that raised the drinking age limit to 21, its enforcement and the results of that, what might take place with the raising of the 55-mile-per-hour speed limit, and the status of the NDR, National Driver Register.

I think it is imperative that your agency do everything it can to educate the public on alcohol and speed and restraint systems. Laws can be passed and punishments threatened, but unless there is an active followup to legislation, unless there is a proactive agency at work educating the public, we are not going to stop this destructive behavior.

So, with that I say welcome to you and your colleagues. If you want to introduce everybody, I think we have time for that.

INTRODUCTION OF WITNESSES

Ms. STEED. Thank you, Mr. Chairman. Let me do that briefly. I have with me today: On my left, Barry Felrice, Associate Administrator for Rulemaking; next to him is George Parker, Associate Administrator for Enforcement; on my immediate left is George Reagle, Associate Administrator for Traffic Safety Programs; to my immediate right is Deputy Administrator Jeff Miller; on his right is Adele Spielberger, Associate Administrator for Plans and Policy; and finally, Mike Finkelstein, Associate Administrator for Research and Development.

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WELCOMING STATEMENT

Senator LAUTENBERG. With that, we welcome you to make your statement in summary form, if you can. We will read it, if it is in the record, and we will be able to move to questions. But certainly take whatever time you need to present the case, as I am sure you will eloquently.

OPENING STATEMENT OF DIANE K. STEED

Ms. STEED. Thank you, Mr. Chairman. Let me just touch briefly on the status of highway safety as we see it today, and on our priorities for the coming year.

SAFETY BELT USE

We think we have made some very good progress in improving highway safety. Safety belt use is up from some 23 percent just 1 year ago, to what we figure is around 39 percent in our latest survey.

DRUNK DRIVING TREND

Drunk driving is still on a downward trend. Since 1984 21 states have raised their minimum drinking age, resulting in a 13-percent decrease in the involvement of young people in fatal auto crashes. We think that is terrific progress.

ENFORCEMENT

Moreover, we are doing more with what we call recall request letters, a technique that is used in our enforcement activities. We think we are producing better and faster results with those letters.

FATALITIES

Now, unfortunately, despite these efforts, our preliminary estimates for fatalities in 1986 showed an increase of some 2,000 over the previous year. We think this is directly attributable to a very significant increase in travel, in fact the biggest increase we have seen in recent years.

Although the resulting fatality rate for 1986 is the same as the all-time low rate that we had in 1985, we see the numerical increase as a reminder of the very urgent need, as I think you were saying, to press forward with our safety efforts and with educating the public on how they can be even safer on our streets and highways.

Over the past several years we have been able to reduce substantially both the actual number of fatalities and the rate. I look forward to resuming the actual downward trend in fatalities.

HIGHWAY SAFETY PRIORITIES FOR 1988

Let me just highlight quickly our priorities for 1988. First and foremost, let me talk a little bit about safety belt use. Belt use increased by about 16 percent last year, as measured in our 19-city survey.

This represents the growing coverage of safety belt use laws, and I think, a greater public awareness of the benefits of belt use. Across our

country safety belt use laws are having very positive effects in those states.

We estimate that states that had safety belt use laws in effect in 1986, experienced a 7-percent decrease in fatalities in front seats of cars that they would not have achieved without having a belt-use law.

Now fatalities obviously go down as belt use goes up. Therefore, one of my highest priorities in the coming year will be to increase the number of people regularly using their safety belt. We are convinced that effective enforcement and good public information and education are essential to achieving the high usage rates that we have seen in some places in our country.

For example, good enforcement in Texas and a good public information and education program have produced usage rates that are above 65 percent. We have seen intensive enforcement efforts in places like Elmira, that again result in very, very high usage rates.

We think that we can achieve similar rates elsewhere in the country if we really concentrate on belt usage.

AUTOMATIC CRASH PROTECTION

I will talk briefly about automatic crash protection. I think one of the welcome consequences of the growing public exposure to safety belts and the need for protection as they travel by car, is the growing public interest in and acceptance of passive protection in cars.

Airbags and automatic safety belts, particularly the motorized shoulder belts, have met with very favorable customer reaction. As the automobile manufacturers approach the 1988 model year, they are installing a variety of passive protection in their cars, including an ever increasing number of airbags.

Recent announcements by our domestic manufacturers indicate that by 1990 airbag installations will number somewhere in the millions, which we think is again very good news.

Our goal in the coming year is to assist automakers and others to increase public awareness and acceptance of passive protection by providing new public information about the choices offered by the manufacturers, and about the performance of these various options.

RULEMAKING ACTIVITY

I will skip briefly to the rulemaking area. Obviously restraint systems are by no means the only vehicle safety features that have our attention. This summer we expect to open a rulemaking action on a new side impact standard.

Crashes involving side impacts account for almost one-third of occupant fatalities. So we think this is an important area to address. We estimate that the current side impact standard is saving about 500 lives a year, mainly in crashes into trees and other stationary objects.

However, we have long seen a need to increase side impact protection, and we think that issuing this notice and analyzing public comment on this new standard will be among our highest priorities, as will

research and development and any needed rulemaking activities in the light truck area as well.

ENFORCEMENT ACTIVITY

Moving from rulemaking to enforcement, if I might, let me bring you up to date on our efforts to secure the remedy of safety defects. Our goals are, obviously, to find defects at the earliest possible stage, secure the prompt recall of any affected vehicles, and to make sure that any of the defects that we find are actually remedied.

Again, I think we are making good progress toward these goals, through intensive publicity about our toll-free hotline. We are experiencing about a steady 7.5-percent increase in the number of consumer calls to that toll-free hotline. It serves as our major source of consumer complaints of potential defects on automobiles.

One measure of our success in securing recalls is that about 52 percent of our voluntary recall request letters to manufacturers have actually resulted in the recall of those vehicles, with an average time to recall them of less than 12 months. That is a better record and a faster record than we have had before.

HIGHWAY SAFETY ACTIVITY

Let me skip to drunk driving and say a few words about the highway safety issue that continues to be my greatest concern.

As I said before, we continue to make progress in getting drunk drivers off our roads. This downward trend in the number of drunk drivers, I think, is a combination of growing societal concern about the drunk driver, and of numerous programs, both in the public and private sectors.

I think the agency has played a pivotal role in many of these programs. One program that I am particularly excited about is called TEAM, Techniques for Effective Alcohol Management.

Its goals are to develop sensible alcohol policies for sporting events, and to enable arenas to act as role models for broader community efforts to combat drunk driving. Beginning as a project, a demonstration-type project, with seven teams in the National Basketball Association, TEAM now includes 18 NBA cities and has just been joined by major league baseball, which again we think is great news.

By mid-1987, every major league ball park will have underway efforts to improve its alcohol policies. The TEAM effort, with its accompanying media campaign, may well represent the largest joint effort ever undertaken by the public and private sector to combat drunk driving. We are very pleased with this program and with its reception by both the teams and the arena managers, and the public.

The complexity of the drunk driving problem obviously demands a real variety of our approaches. In fiscal year 1987 we will be moving to bring together the organizations that are working to combat drunk driving in the private sector, like RID, MADD, SADD, and so forth, especially working to keep our young people from driving while under the influence of alcohol.

We intend to work with the states that have raised their minimum drinking ages to see that these new laws are as effective as they possibly can be. We will be working to take the highly successful alcohol and drug detection program that has been developed in the Los Angeles Police Department to other jurisdictions in the country and see if we can make it work there as well.

Finally, we have planned and are about ready to undertake a series of new training programs for police prosecutors and judges on the latest techniques for dealing with drunk drivers.

BUDGET OVERVIEW

That is where things stand on highway safety. For 1988, our budget submission provides for a total program level of $217.9 million. This consists of about $90 million under the operations and research appropriation, and an obligation limitations of $127.9 million for highway safety grant programs.

The request of about $90 million compares to the fiscal year 1987 appropriation level of $95.3 million, which includes $5 million provided by transfer and a supplemental request for contributions to the Federal Retirement System and the pay raise cost.

The request of $127.9 million for obligation limitations under the highway traffic safety grants appropriation includes $110 million for formula grants under the section 402 program, and $17.9 million for alcohol safety incentive grants under section 408.

PREPARED STATEMENT

Since you have my complete statement for the record, I think that will conclude my summary. We will be happy to try and answer any of your questions.

[The statement follows:]

STATEMENT OF DIANE K. STEED

I welcome this opportunity to appear before you to present our Fiscal Year 1988 budget request. With me at the witness table are: Barry Felrice, Associate Administrator for Rulemaking, Michael Finkelstein, Associate Administrator for Research and Development, George Parker, Associate Administrator for Enforcement, George Reagle, Associate Administrator for Traffic Safety Programs, and Adele Spielberger, Associate Administrator for Plans and Policy.

FATALITY TRENDS

I would like to begin by reporting our latest data about highway safety. Our preliminary data for 1986 suggest that about 45,708 persons died in traffic crashes, an increase of almost 2,000 from the 1985 level. I am greatly concerned about this increase. Although we know that it is directly attributable to a significant increase in travel in 1986, so that the fatality rate was the same as the all-time low rate achieved during the prior year, we see the numerical increase as a reminder of the urgent need to continue our safety efforts. Over the past several years we have been able to reduce substantially the rate as well as the absolute numbers of fatalities and I am anxious to resume that downward trend.

In looking at the national pattern of accident experience in 1986, we can see that the increased travel in 1986 resulted in general increases in vehicle crashes throughout the country. However, in looking at fatality patterns, we find state-to-state differences that are significant. Of particular note are those states which have enacted safety belt use laws. In the face of an overall increase of 13 percent in fatalities for front seat occupants of passenger vehicles in states without belt laws, the seven states whose new laws were in effect for the first nine months of 1986 experienced only a 3 percent increase in fatalities during that

period. Of the states with belt use laws, Texas had a 64 percent use rate and the sharpest decline in fatalities -- 15 percent.

PROGRAM EMPHASIS

In line with Secretary Dole's priorities, and our balanced approach to highway safety, NHTSA is continuing to address highway safety problems by concentrating on solutions involving both the driver and the vehicle.

As in previous years, our Fiscal Year 1988 budget request builds on the progress we have made to date and provides a careful balance of traffic safety and motor vehicle safety programs. It has been designed to yield the greatest reduction in fatalities and injuries in the most effective and efficient manner. Our resources will be directed toward those activities with the most realistic prospect of success and with the maximum safety gains per dollar invested.

HIGHWAY SAFETY

Alcohol Programs

In the area of alcohol safety, we are seeing further evidence indicating that the combined efforts of federal, state and local governments, and the private sector on the drunk driving problem continue to pay off. Recent estimates derived from NHTSA's Fatal Accident Reporting System (FARS) indicate that the number of fatally-injured drivers who were intoxicated dropped from more than 13,000 in 1980 to 9,700 in 1985, a decline of over 25 percent. This decrease can be attributed to the effects of several factors: greater public awareness of the problem, tougher state laws, stricter enforcement and sentencing, a decline in the population of young drivers, and an increase in the minimum drinking age in most states.

The effort to reduce drunk driving continues to move ahead on several fronts. I am pleased to report that since 1984, 21 states have enacted age-21 laws. Currently, 43 states (plus the District of Columbia) have age-21 laws complying with the Federal Statute and approximately five more have such legislation pending in 1987. Our studies indicate that the age-21 laws reduce the fatal accident involvement of the affected age group by approximately 13 percent.

In addition, 16 states now qualify for basic grants under Section 408, the alcohol safety incentive program established by Congress in 1982. Thirteen of these states also qualify for supplemental grants. Based on our discussions with the states that have yet to qualify, we believe that up to 30 states will qualify for basic and supplemental grants by FY 1988. We are requesting an obligational limitation of $17.9 million for Section 408 in FY 1988, an amount which we believe is sufficient to provide grants to all qualifying states in that year.

One outreach effort I am very excited about is a coalition called T.E.A.M. (Techniques for Effective Alcohol Management) which centers around the development and implementation of responsible alcohol serving and use policies at sports events.

Following an initial seven city demonstration project in cooperation with the National Basketball Association, the program has expanded to include 18 NBA cities. In addition to the implementation of responsible serving policies at the 18 arenas hosting NBA games, more than $3.0 million in prime air time was contributed by the NBA and CBS for messages to prevent drunk driving.

At the Presidential signing ceremony for Drunk and Drugged Driving Awareness Week last December, Major League Baseball announced that it was

joining the T.E.A.M. effort. By mid 1987, each major league ball park will have adopted new alcohol use and crowd control policies and will have trained their personnel responsible for stadium safety and alcohol serving. This will result in 50 million fans and 15,000 employees in 26 major league baseball stadiums being exposed to more responsible alcohol serving and use policies and awareness messages. Coupled with national and local radio, television and print media efforts, this may well represent the largest public/private sector initiative ever implemented to combat drunk and drugged driving.

There are several other new initiatives that I believe will make significant contributions to our efforts to fight the problem of drunk driving. In FY 1987 we will bring together organizations such as MADD, SADD and RID to develop and implement community based programs to help keep our young people from driving or riding with a drug or alcohol impaired individual.

In regard to drugs, other than alcohol, we will be attempting to replicate the highly successful Los Angeles Police Department Drug Recognition Experts Program (DRE) in other police agencies throughout the country. The DRE program involves training police officers to administer a battery of physical and physiological tests that enable a trained officer to tell when an individual arrested for impaired driving is under the influence of a particular category or categories of drugs.

Finally, there is a need to help the states train greater numbers of police officers, prosecutors and judges in the latest techniques for identifying, apprehending, prosecuting, adjudicating and sanctioning drunk drivers. We hope to achieve an increase in DWI arrests coupled with an even greater increase in the public perception of the likelihood of arrest if one drinks and drives.

Safety Belt Programs

The area of occupant protection continued to show dynamic change over the past year, and we expect to see still more progress this year and in 1988. Belt use is up from 23 percent one year ago to 39 percent in our latest survey. Since Secretary Dole's July 1984 occupant protection decision, 26 States and the District of Columbia have enacted safety belt laws. Referenda in the last election repealed two of these laws, one by less than 2/10's of one percent. We were disappointed with the two repeals, since the belt laws in those States had resulted in increased belt usage and noticeable declines in occupant deaths and injuries. Despite this setback, we believe that the legislatures in other states will continue to enact safety belt laws because of their great lifesaving and economic benefits to the public. Over a dozen State legislatures are considering belt use legislation. We note that a safety belt bill has been passed by the Virginia legislature this year, which we expect will be signed into law very soon.

We are also promoting automatic crash protection. Ten percent of model year 1987 and 25 percent of model year 1988 automobiles will have this technology. Our plans in 1988 include continuation of the development, production and distribution of public information and education materials responsive to emerging consumer interests, portable demonstration models of automatic belts and air bags, workshops for law enforcement and risk managers on fleet purchases and performance, and the continued integration of automatic crash protection in all public education programs and materials.

In 1987 and 1988 the major goal of our safety belt program will be to increase belt usage, particularly in those states that have safety belt laws. Programs such as the one instituted in Elmira, New York, convince

us that enforcement and information/education are critical to the success of these efforts. To that end, program implementation grants to States in 1987 will emphasize these elements.

The initial reports on the effectiveness of these laws are heartening. In virtually every State where belt laws have gone into effect (including the two repeal States), reported usage rates have at least doubled or tripled, from less than 20 to as high as 60-70 percent. In states with such laws, during the months when their laws were in effect, front seat passenger vehicle occupant fatalities dropped by about seven percent.

Across all states, belt laws saved over 1,000 lives in 1985 and 1986. In New York during 1985, the first full year its safety belt law was in effect, fatalities dropped to the lowest level since 1949, serious injuries were reduced by 19 percent and moderate injuries were down 20 percent. Also in that year, New York reported 30,000 convictions for violators of its belt law. Texas reports issuing 7,000 citations each month.

We expect all of the states with safety belt usage laws to seek financial/technical assistance from us. As I mentioned earlier, our major objective will be to assist these states in increasing usage. To that end, states receiving financial assistance will concentrate on: innovative enforcement techniques coupled with public information and evaluation, evaluation/analytical efforts, enforcement training, and education on passives. To complement these financial efforts, NHTSA's technical assistance program will consist of: "train the trainers" enforcement seminars as well as programs to educate police chiefs and senior police officials, basic and advanced community program management, "train the trainer" programs for employer programs on how to build effective coalitions, and child passenger safety seminars. All of these

training curricula contain sessions on automatic protection education. In addition, NHTSA provides numerous publications and audio-visual materials and technical assistance on how to conduct safety belt surveys and other evaluations at the state and community level.

In the area of network educational efforts, national organizations, principally health, education, and medical groups are sponsoring, with NHTSA's assistance, nearly 400 state and local projects to stimulate activities at both the state and local level. We strongly believe that our financial, technical and educational efforts will provide great benefits in reaching our major goal.

The Federal government is also doing its part to increase safety belt usage by its employees across the country. On September 28, 1986 President Reagan signed an Executive Order requiring federal employees to wear safety belts when on the job. We are working with the Occupational Safety and Health Administration to provide program assistance to federal agencies to implement this order. We are optimistic that by the end of the year, the major federal departments and agencies will have belt use programs in place for their employees.

National Driver Register

I would like to provide a brief status report on our efforts to improve the National Driver Register (NDR). In 1982, Congress required that NHTSA convert the NDR's current batch processing system to an interactive, electronic telecommunications system, and that the system's substantive data be kept by states of record rather than in a central file.

Last April we selected four states to take part in a pilot test of the on-line electronic "switchboard," called the Problem Driver Pointer System. The operational start-up for this on-line system is scheduled for

August 1987, and the results of the pilot-testing will be evaluated and reported to Congress by February 1989.

In the meanwhile, we have made a number of improvements in the current NDR to make it work more effectively. These improvements include:

- Implementation of an overnight service so that states can send inquiries to the NDR over normal telephone lines and receive replies the next day. Twenty states are now using this service; and

- Implementation of an on-line computer connection to the existing NDR file that responds as fast as the planned electronic pointer system, although the information provided is less extensive. This "rapid response" technology has been successfully installed in the state of Delaware. An additional three or four states will be connected during FY 1988.

VEHICLE SAFETY

We will continue our research and rulemaking efforts to improve vehicle safety and technology. In the crash avoidance area, our priorities continue to be the development of a performance based headlighting standard, improved vehicle signaling and conspicuity and better braking systems--particularly for heavy duty vehicles. In FY 1987 we plan to initiate an in-service evaluation of heavy truck antilock braking systems. This in-service fleet evaluation will develop the necessary data to demonstrate whether these systems can function properly in the real-world truck operational environment of the U.S. We are also pursuing improvements to light duty vehicle conspicuity. Several field studies have shown that Daytime Running Lights are effective in reducing accidents. We plan to issue a Notice of Proposed Rulemaking in the near

future which would permit use of headlamps or other lighting systems to improve daytime vehicle conspicuity.

A safety measure which we believe to have been effective in keeping the accident rate down in 1986 was the center high mounted stop lamp, which we required to be installed on all passenger cars beginning with model year 1986. Based on data from the first year's experience with the new stoplamps, we estimate that the lamps have reduced the likelihood of being struck in the rear while braking by 22 percent. This reduction offers a good example of how a safety device can produce readily measurable improvements in safety.

Our crash protection work will continue to emphasize improved frontal crash protection, particularly with respect to contact with the steering assembly; occupant protection (including child safety seats, improved restraint systems, and overall interior impact protection); and side impact protection.

Innovative strides in air bag technology and production are continuing. State police fleets have had a total of 550 retrofit systems installed in their vehicles. To date there have been 34 deployments in which the systems performed as designed. Also the General Services Administration is operating 5,000 1985 Ford Tempos equipped with driver air bags for use as fleet vehicles. There have been 66 successful deployments of airbags without significant injuries. Experience with the current generation air bag fleet has been very positive.

Air bag systems are now available to the car buying public from several manufacturers including Mercedes-Benz, Ford, Volvo, BMW, and Porsche. Honda will offer a drivers air bag system on the Acura starting in June 1987. And all three domestic manufacturers have committed to substantial expansion of airbag equipped cars by MY 1990.

Interest in issues related to light trucks has grown significantly in recent years, as these vehicles have increased in numbers and diversity. Between 1971 and 1985, their market share almost doubled -- from 15 percent of light duty vehicles sales to 29 percent -- and is continuing to grow. Much of this increase is in vehicles such as compact pickups and multipurpose passenger vehicles, which are often used for recreation and family transportation as well as for work. Compact pickups and the new minivans which many families are purchasing in place of station wagons now account for more than 50 percent of light truck sales, up from only 10 percent in 1977.

At the direction of the House Appropriations Committee, we are developing our review of light truck safety into a report to Congress that will assess the safety characteristics associated with light trucks, evaluate possible improvements that might enhance their safety, and set an agenda for any appropriate regulatory actions. The report is due in April 1987, at which time we will be able to make a more comprehensive statement on light truck safety.

All of the vehicle safety activities described above require accurate data on the accident environment. The National Accident Sampling System (NASS) was improved this year by increasing the proportion of serious crashes investigated, and upgrading the productivity of field operations. In FY 1988, we will continue to enhance the usefulness and productivity of NASS by improving the sampling program while reducing the collection of data less relevant to our priority programs.

We remain committed to addressing traffic related trauma more effectively, and our efforts to establish a Center for Injury Control within the Centers for Disease Control are well along. To date, regional Centers of Excellence have been established at five academic institutions to

coordinate and pursue multi-disciplinary research efforts aimed at expanding our understanding of injuries, their production, and means of ameliorating and eliminating them. This effort has also awarded over 30 specific research grants that are pursuing investigations related to various aspects of the nation's injury problem.

INTERNATIONAL HARMONIZATION

A continued area of emphasis in Fiscal Year 1988 is the International Harmonization Program, designed to reduce or eliminate inconsistencies between U.S. and European motor vehicle standards.

We have undertaken the harmonizing effort at the specific urging of Congress and the domestic auto industry. During the past year it has been expanded to include bilateral efforts with the Japanese government to address inconsistencies between U.S. and Japanese motor vehicle standards. These efforts have already resulted in the amendment of both the standards on controls and displays and lighting to bring them into closer harmony with European standards thus enhancing our domestic auto industry's ability to compete in the world market. The Japanese Ministry of Transport has agreed to declare that U.S. standards on safety belts, windshield glazing, child restraints, and fuel system integrity are equivalent to the Japanese standards, which facilitates the approval of such products in the Japanese market. Also, progress continues on harmonizing brake standards through the publication in January, 1987, of a supplemental notice on a proposed harmonized standard for passenger car brakes. We also began a process within the same forum to discuss the establishment of a harmonized passing beam pattern for headlamps with the aim of simplifying headlamp standards worldwide.

Our efforts in the coming year will continue the pursuit of harmonized standards in the areas of brake harmonization for all classes of vehicles, lighting, and in the crashworthiness area, with emphasis on the need for a cooperative European response to our proposals in the lighting area. We intend to continue to build on the consultations with our Japanese counterparts to seek additional areas of possible agreement in the harmonization of U.S. and Japanese motor vehicle standards.

ENFORCEMENT

We have significantly upgraded our enforcement program with increased use of automatic data processing support and 'smart' computer software. Consumers are benefiting as defective vehicles are identified and repaired in a more timely way. Improvements in internal procedures have resulted in quicker identification of possible defect trends and shorter investigations. We now achieve influenced recalls more quickly than in the late 1970's. Investigations now are concluded in less than 8 months rather than the 15+ months that they use to take. Our use of voluntary recall request letters continues to be an effective way to achieve early recalls. The success rate is 52 percent and the time to achieve a recall is only 11 months. In the coming months we will be actively exploring ways to increase our responsiveness to the public through the Auto Safety Hotline and to widen the public's knowledge of our defect investigative process. We are aggressively looking for ways to make it easier for more of the public to report suspected defects and plan to continue our exploration of ways to effectively use advanced information technology to enhance the investigative process.

Another measure of effectiveness is whether the vehicles recalled are actually brought in for repairs. In this regard, we think there is a need to strengthen our legislative authority. Although the majority of owners bring their vehicles in, a significant percentage do not. In an attempt

to increase the percentage of vehicles repaired, we have submitted legislation to improve our authority in three respects: to require manufacturers to send a follow-up notice if we determine that the response is too low; to require motor vehicle lessors to forward recall notices to their lessee; and to require dealers to remedy any new motor vehicle in their possession for which they have received a recall notice before selling the vehicle.

A continuing emphasis will also be placed on the enforcement of the Federal Motor Vehicle Safety Standards (FMVSS) through the agency's compliance testing program, and the surveillance of nonconforming vehicles imported under bond to assure that appropriate modifications are made to bring them into compliance with the safety standards. In 1986, the compliance program influenced about 22 percent of the recalls for noncompliance with safety standards that involved about 67 percent of the 173,000 vehicles recalled. Beginning in 1987, we are testing four safety standards that have not been tested for the last five years. In addition, visual inspections will be conducted for all 10 nontestable safety standards. In FY 1988, we will continue to test vehicles with passive restraints in a program we are beginning in FY 1987. For the grey market surveillance program, we have improved our review process and have reduced the processing/release cycle from the 4 months typical in 1985 to approximately 2 weeks currently. We will continue to work to improve the effectiveness and efficiency of this program.

BUDGET OVERVIEW

For 1988, our budget submission provides for a total program level of $217.9 million. This consists of $90.0 million under the Operations and Research Appropriation and obligation limitations of $127.9 million for Highway Traffic Safety Grants. The request of $90.0 million for Operations and Research includes $58.0 million of Federal funds for

programs authorized under the National Traffic and Motor Vehicle Safety Act and the Motor Vehicle Information and Cost Savings Act, and $32.0 million from the Highway Trust Fund for programs authorized under Section 403 of the Highway Safety Act. The 1988 request of $90.0 million compares to the FY 1987 appropriation level of $95.3 million which includes $5.0 million provided by transfer and a supplemental request for contributions to the New Federal Retirement System and pay raise cost which totals $1.1 million.

Within the 1988 request, $49.2 million is included which will support ongoing contract programs and allow for expanded efforts in some areas including occupant protection as increasing numbers of safety belt use laws are enacted and greater numbers of cars equipped with automatic protection become available in the market place. These increases in funding are more than offset by reductions compared to the FY 1987 appropriation, since no new funds are requested in 1988 for trauma research.

The request of $127.9 million for obligation limitations under the Highway Traffic Safety Grants Appropriation includes $110.0 million for Formula Grants (Section 402) and $17.9 million for Alcohol Safety Incentive Grants (Section 408). The amount of $110.0 million requested for 402 Grants provides the same level in general purpose funding as in recent acts, and reflects the expiration of special temporary statutory provisions for traffic records and child seat use. To maximize effectiveness of funds, our budget and highway authorization legislation proposes ending all earmarking of Section 402 funds for special purposes, with choices on how to allocate the funds to be left to the States.

The sum of $17.9 million sought for the Section 408 program represents an amount which we believe is sufficient to provide grants to all States which are expected to qualify for entitlement in 1988.

BIOGRAPHICAL SKETCHES

DIANE K. STEED
ADMINISTRATOR

Ms. Steed was sworn in as Administrator in November 1983, after serving as Deputy Administrator since 1981.

Ms. Steed came to NHTSA from the Office of Management and Budget, where since 1978 she had been Chief of Regulatory Policy. In that position she designed a system for improving the management of the regulatory process and reducing the burden of government regulations and paperwork.

From 1975-1978, Ms. Steed served as Deputy Chief of the Economics and Government Management Division where she was instrumental in the drafting of legislation to deregulate the airlines, railroads and trucking industries and the development of other regulatory reform initiatives.

From 1973-1974, she was the OMB Management Associate in charge of management-by-objectives programs for the Department of Transportation and the General Services Administration.

From 1972-1973, Ms. Steed was a senior budget analyst with ACTION. From 1968-1972, she worked as a management analyst with the Defense Contract Administration Services, Defense Supply Agency, where she was selected as one of the Top Ten Outstanding DSA Personnel in 1970. She began her Federal career in 1967 as a management intern with the Defense Supply Agency.

Ms. Steed has been the recipient of many honors and awards during her career with the Federal government, including the Meritorious Executive (Presidential Rank) Award in 1981, the Distinguished Executive (Presidential Rank) Award in 1983, and most recently was honored by the National Commission Against Drunk Driving with the Government Initiative Award.

A native of Hutchinson, Kansas, Ms. Steed holds a B.S. degree from the University of Kansas and has done post-graduate work at George Washington University. She was born on November 29, 1945, and resides in Silver Spring, Maryland.

BARRY FELRICE

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Height: 5' 10"
Weight: 155 Pounds

Married in 1970; Wife - Joan
Children (Age): Stefanie (12)
Jessica (9)

EDUCATION

Attended public schools in Brooklyn, New York

High School: Brooklyn Technical High School, Graduated - June 1962

Colleges: City College of New York, Bachelor of Civil Engineering, June 1967
Northwestern University, Master of Science (Civil Engineering), September 1968

Major Subjects: Transportation/Urban Planning
Highway Engineering

EMPLOYMENT EXPERIENCE

January 1984 - Present

Associate Administrator for Rulemaking
National Highway Traffic Safety Administration
U. S. Department of Transportation

Principal advisor to NHTSA Administrator on all motor vehicle regulatory matters. Administers programs to develop and promulgate Federal standards dealing with crash protection, crash survivability, crash avoidance, fuel economy, vehicle theft protection, and vehicle damageability.

July 1979 - January 1984

Associate Administrator for Plans and Programs
National Highway Traffic Safety Administration
U. S. Department of Transportation

March 1978 - July 1979

Acting Associate Administrator for Plans and Programs
National Highway Traffic Safety Administration
U. S. Department of Transportation

Principal advisor to NHTSA Administrator on all matters relating to Agency policy and in the development, implementation, and evaluation of NHTSA programs. Responsible for developing long-range program goals and plans for achieving those goals. Directs a high level staff in the areas of program and policy planning, program analysis, economic impact analysis, and progam evaluation.

February 1977 - July 1979

Director, Office of Program and Rulemaking Analysis
National Highway Traffic Safety Administration
U. S. Department of Transportation

Responsible for the conduct of economic/inflationary impact assessments of NHTSA rulemaking and program activities. Independent and chief advisor to the Administrator on costs of motor vehicle safety, fuel economy, and damageabiiity rules and economic consequences of them. Recommend continuation, modification, or cessation of rulemaking actions based on analyses performed.

September 1968 - February 1977

Highway Engineer
Federal Highway Administration
U. S. Department of Transportation

Occupied a succession of positions in the policy planning offices of FHWA. Assisted in the development of legislative recommendations for the highway program. Prepared substantive budget issue papers for the Secretary. Active in the area of financing of highway programs. Authored major portions of several reports to Congress on highway needs and financing and participated in several Federal/State/Local highway needs and classification studies.

PUBLICATIONS

Financing Federal-Aid Highways, FHWA, US DOT, January 1974

Financing Federal-Aid Highways -- An Amplification, FHWA, US DOT, July 1974

Financing Federal-Aid Highways -- Revisited, FHWA, US DOT, July 1976

The Contributions of Automobile Regulation, NHTSA, US DOT, June 1978

The Effects of Automobile Regulations on Industry Competition, NHTSA, US DOT, November 1979

AWARDS

Presidential Rank of Distinguished Executive - 1985

Presidential Rank of Meritorious Executive - 1983

Secretary of Transportation Award for Meritorious Achievement, 1978, 1982

Senior Executive Service Bonuses, 1980, 1981, 1982, 1984

Federal Highway Administrator's Award for Superior Achievement, October 1975

Outstanding Performance Ratings, 1975, 1979-1985

Quality Increase, March 1976

Cash Award, March 1979

Walter P. Murphy Fellowship, Northwestern University, 1967-68

Automotive Safety Foundation Fellowship, Northwestern University, 1967-68

PROFESSIONAL SOCIETIES

Member, Society of Automotive Engineers

Member, National Committee on Uniform Traffic Control Devices

Member, Senior Executives Association

Former Member, Transportation Research Board

GEORGE L. PARKER

ORGANIZATION: Enforcement - NHTSA

NAME: George L. Parker

DATE OF BIRTH: August 26, 1939

POSITION TITLE: Associate Administrator for Enforcement

DESCRIPTION OF CURRENT POSITION:

Associate Administrator for Enforcement. Mr. Parker is responsible for developing and administering a law enforcement program covering all Federal laws, standards and regulations pertinent to vehicle safety, fuel economy, damageability, and consumer information and odometer fraud. Responsible for all investigatory inspections and tests of vehicles for non-compliance with laws, standards, and regulations affecting vehicle safety, fuel economy, damageability, and odometer fraud. Responsible for investigations, inspections and tests for defects in vehicles or items of equipment, for enforcement of noncompliance and defect recalls, and

for the reporting requirements and related provisions of the Motor Vehicle Safety Act and the regulations issued under it.

PRIOR EXPERIENCE:

1984 - Present	-	Associate Administrator for Enforcement, National Highway Traffic Safety Administration
1982 - 1984	-	Director, Office of Defects Investigation, Enforcement, National Highway Traffic Safety Administration
1982 - 1982	-	Acting Director, Office of Market Incentives, Rulemaking, National Highway Traffic Safety Administration
1978 - 1982	-	Chief, Crash Avoidance Division, Rulemaking, National Highway Traffic Safety Administration
1976 - 1978	-	Program Manager, Nonpassenger Automobile Fuel Economy Standards, Office of Automotive Fuel Economy Standards, National Highway Traffic Safety Administration
1972 - 1976	-	Supervisory Highway Safety Research Engineer, Office of Operating Systems Research, National Highway Traffic Safety Administration
1968 - 1972	-	Highway Safety Research Engineer, Office of Operating Systems Research, National Highway Traffic Safety Administration
1965 - 1968	-	Research Engineer, Environmental Requirements Section, Jet Propulsion Laboratory, Pasadena, California
1963 - 1965	-	Structures Engineer, Centaur Project, General Dynamics/Corvair, Inc., San Diego, California
1962 - 1963	-	Associate Quality Control Engineer, Minneapolis-Honeywell Regulator Co., Duarte, California

GEORGE L. REAGLE

Mr. George Reagle was born in Baltimore, Maryland. He graduated from McDonogh School in Baltimore, Maryland, and received a Bachelor of Science Degree from the University of Maryland. He has done graduate work at the George Washington University and the University of Iowa.

Mr. Reagle entered the Federal Government as a Management Trainee in 1966 at the Naval Ordinance Station in Indian Head, Maryland. In 1969, he joined the Consulting, Research and Teaching staff at the Army Management Engineering Training Agency (AMETA) in Rock Island, Illinois, conducting courses such as: Organization Planning, Managerial Communications; and Top Management Seminars. He joined NHTSA in August 1971 as a management analyst.

Since than he has served in a number of progressively responsible positions including Special Assistant to the Regional Coordinator; Special Assistant to NHTSA Administrator, John Snow; and Chairman of Task Forces on Federal Motor Vehicle Safety Standard 121, Air Brake Systems--Trucks, Buses, and Trailers, and the Uniform Tire Quality Grading System; and as the Director of the Office of State Program Assistance, Traffic Safety Programs. In September 1979, Mr. Reagle was appointed to the position as Director, Office of Driver and Pedestrian Programs, Traffic Safety Programs. In this position he was responsible for all the technical areas dealing with behavioral modification.

Mr. Reagle was appointed Associate Administrator for Traffic Safety Programs in November 1982. As Associate Administrator, Mr. Reagle has provided the impetus for the current level of success that the safety belt and child safety seat programs have achieved. Mr. Reagle deserves recognition as the primary influence in this agency's commitment to seeking effective strategies and countermeasures for reducing the incidence of drunk driving and

focusing attention on important youth issues. Additionally, stimulating private and public sector organizations at the State and community level to implement parallel safety initiatives has been given a high priority by Mr. Reagle as exemplified by the leadership he has provided in cooperative efforts such as the Lifesavers Conference and Drunk and Drugged Driving Awareness Week.

He lives in Columbia, Maryland, with his wife, Sherald, daughter, Kara, and son, Christopher.

MICHAEL M. FINKELSTEIN

Michael M. Finkelstein (Mike)
Associate Administrator for
Research and Development
Department of Transportation
National Highway Traffic Safety Administration
400 Seventh Street, S.W.
Washington, D.C. 20590
(202) 426-1537

BIOGRAPHICAL SUMMARY

In present position since November 1981. Responsible for the management and operation of the National Highway Traffic Safety Administration's (NHTSA) research and development activities, including passenger vehicle, heavy duty vehicle, and driver and pedestrian research. Also responsible for the National Center for Statistics and Analysis, which conducts accident investigation and analysis, and the Vehicle Research and Test Center at East Liberty, Ohio.

April 1978 to November 1981 - Associate Administrator for Rulemaking, NHTSA

October 1976 to April 1978 - Associate Administrator for Planning and Evaluation, NHTSA

May 1972 to October 1976 - Chief, Highway and Mass Transit Programs Division, Office of the Secretary, DOT

EDUCATION

1964 - BA - Columbia University

1965 - MA - Rutgers University

RECOGNITION AND AWARDS

1980 - Presidential Award for Meritorious Executives

1977 - DOT Outstanding Achievement Award

1975 - DOT Secretary's Special Achievements Award

1973 - DOT Superior Achievement Award

1973 - Outstanding Performance Award

JEFFREY R. MILLER
Deputy Administrator
National Highway Traffic Safety Administration

In October 1985, Secretary of Transportation Elizabeth Dole appointed Jeffrey Miller as Deputy Administrator of the National Highway Traffic Safety Administration (NHTSA). An agency of the U.S. Department of Transportation, NHTSA administers the Federal Government's programs for motor vehicle and driver safety.

Miller brought more than four years of experience in transportation law to the number two position in NHTSA. He joined DOT in March 1981 as Special Assistant to the General Counsel, and was appointed as the Department's Associate General Counsel in April 1984. In March 1985, he was named Chief Counsel of NHTSA, the position he held until his appointment as Deputy Administrator.

A native of Pittsburgh, Pennsylvania, Miller graduated in 1974 from Yale University, where he majored in economics and served as executive editor of the Yale Daily News. He graduated cum laude in 1978 from the Dickenson School of Law in Carlisle, Pennsylvania, and was admitted to the Pennsylvania State bar that year. He held a variety of positions with the Pennsylvania State Senate from 1975 to 1978, practiced law as an associate with the Pittsburgh firm of Campbell, Thomas & Burke from 1978 to 1979, and served as an Assistant Attorney General with the Pennsylvania Department of Labor and Industry from 1980 to 1981. He also served as Assistant Press Secretary in the Drew Lewis for Governor of Pennsylvania campaign in 1974, and as Pennsylvania Director of the George Bush for President campaign in 1980.

Miller is 34 years of age, single, and resides in northwest Washington, D.C.

ADELE SPIELBERGER

Adele Spielberger is the Associate Administrator for Plans and Policy for the National Highway Traffic Safety Administration (NHTSA). She has responsibility for NHTSA's planning and budgeting function. Her responsibilities also include the preparation of cost-benefit analyses for agency rulemaking proceedings and the evaluation of the effectiveness of existing regulations.

She joined NHTSA in February 1980, serving first as Director of the Office of State Program Assistance and then as Director of the Office of Driver and Pedestrian Research. Prior to that she was the Governor's Highway Safety Representative for the State of Florida and held a variety of management positions in Florida State Government. She also held a faculty appointment with the Institute for Social Research at Florida State University.

A native of Boston, Ms. Spielberger holds a B.S. degree from Tufts University in Massachusetts and a M.A. degree in Public Administration from the Florida State University.

AGE 21 DRINKING LAW

Senator LAUTENBERG. Thank you very much. We are pleased to hear about the good results and we encourage you to continue to press forward. I want to make an observation about the age 21 for a minute.

I find it difficult to understand why states, looking at the results now, after a fairly decent period of time, for gathering information on saving lives, do not understand—just do not see the light on this.

The youngsters who live in those roughly 7 states, as well as the other 43 states, where we have been successful and where the reports from the states are very satisfying, must be protected. The number of families that do not have to suffer the incredible traumatic experience that equals none other are better off because of this law.

NATIONAL DRIVER REGISTER

We will start by talking about the National Driver Register program. How many states are presently participating in the NDR?

Ms. STEED. At present, I believe all states participate in one form or another. Some of them, for example, send in their records, but do not make inquiries. Others make inquiries but do not send in their records. But all states participate to some degree.

Senator LAUTENBERG. Are they sending the information in with the format and quality necessary to build a reliable data base?

Ms. STEED. It varies from state to state. In some states it is very good, in other states the quality of that data is not so good.

Senator LAUTENBERG. Therefore, how reliable would you say is the information in NDR? Is it accurate? Is it current? Are you satisfied that if we wanted to access that file and make an inquiry that the information we get would be something that we could bet our lives on?

Ms. STEED. Again, it varies by state in terms of quality, for example, the extent to which they do alcohol testing, how they code——

Senator LAUTENBERG. But you have the central data base. The central data base is——

Ms. STEED. Yes, we do. But it is only as good as the data that is submitted.

Senator LAUTENBERG. Right. But do you not make an assessment, your people make an assessment as to quality of the input, quality of the programs, that kind of thing? You are not just a watchdog in this, you are a participant.

Ms. STEED. Actually, we have worked with the states to clean up their files and make the information better. But we do not actually keep the information here. The person inquiring must go back to the state of record, if a "hit" is found, in order to get the actual record and find out what the problem with the driver was.

Senator LAUTENBERG. But its value is not only the access, the state that is putting in the information, otherwise they do not have to participate in the national program. If New Jersey sends information in, it is not a repository for New Jersey information. It is part of a national data base.

Ms. STEED. That is correct.

Senator LAUTENBERG. Doesn't someone have to evaluate whether or not this is reliable, that there is up-to-date information that is of value when there is an inquiry being made.

Ms. STEED. As I said, we have worked with a number of the states to improve the quality of the data. There are some differences. There are differences in the data that is collected. There are differences among the states in the level of blood alcohol concentration that constitutes intoxication and that sort of thing, over which we really have no control.

Senator LAUTENBERG. Who is responsible for the standards to which the states are supposed to comply? Is it NHTSA? I mean, is it your Department? Is some one of you primarily responsible for it?

Mr. MILLER. Mr. Chairman, the standards for entry into the NDR are essentially specified by statute. Under the old NDR statute, only actions resulting in license suspensions or revocations are entered into the NDR.

As the new, modernized updated NDR is phased in, there are certain traffic convictions which are specified by statute, which will be entered into the NDR. We do not have legislative authority to determine which types of actions go into the NDR. But as the Administrator indicated, we are working with the states to try to encourage them that all of the data that they supply us lives up to their obligations under the NDR law.

PROBLEM DRIVER POINTER SYSTEM

Mr. REAGLE. Mr. Chairman, the very question you bring up, the quality of the data, is one of the reasons why the new system, the problem driver pointer system, will have all of the data reside at the state level, rather than to have a central repository in Washington.

Because of the fact that there are some quality problems, for example, there are time lags when licenses are back in effect, and we do not have that information. But hopefully with the problem driver pointer system, since they will be both an inquiring and a sending state, that the quality of the data will in fact improve.

Senator LAUTENBERG. But when you say you leave that to the states, I am not sure—you do not leave it to them for formatting, you do not leave it to them for record size. There is some standard which I assume——

Mr. REAGLE. For the data elements we require, the format that they send it in can be any format.

Senator LAUTENBERG. As long as you have a program for reformatting it. But do you know when you get the information that the information is appropriate for——

Mr. REAGLE. No.

NDR DATA RECONFIGURATION

Senator LAUTENBERG. So therefore, should we not examine this from the standpoint of reconfiguring this program? I share your view of the value of this registry. I think it is very important. But if it is junk that is in there, in the industry they refer to it as garbage, but we do not even call garbage garbage anymore, we call it trash.

But if the information that is in there is not really meeting the purpose, and that is to have it available in such a way that we can select it out in quick form and know that it is accurate, there is a purpose to having this thing, and Diane, when I hear you say every time I ask, is it good, and you say, well, we are working to make it better, the obverse of that is, it is not good.

So, I would like to ask you what you think we can do to upgrade the data that is in the Registry, and to make all the states participate. Now I know it is tough for the states because of the volume of information that is outstripping the systems all over the place.

Ms. STEED. Actually, we have made some substantial improvements. I think improvements to the NDR are moving faster than a lot of people think in the last year or so. Yes; we are working toward the new problem driver pointer system that will be an index.

And I think once that new system is up and running, and the states have an online capability where they can get an instant response, I think many more states will be more interested in keeping their own data up to date, and to make sure that the data that they receive back from other states too is also as good.

What we have done in the interim, we now have one state, Delaware, up and running that receives a 7-second response. A couple of other states are interested in putting in place this improvement, known as the Rapid Response System.

Senator LAUTENBERG. When they get that quick response, if they access another state's files, or—I do not know how these files are kept. Are they kept by name or license number or something? If you want to find someone in that file, what is the reference?

Mr. REAGLE. We go by name. But then we can also access the system by date of birth. There are certain criteria.

Senator LAUTENBERG. So when Delaware makes this inquiry, and get a 7-second response, if state *x* is not putting in good quality information and this driver turns out to have been a resident or a licensed driver in state *x*, how can Delaware be sure? I do not understand. They can get a quick response, but if there is poor quality in there——

Mr. REAGLE. The rapid response system that Ms. Steed just talked about deals with the communications between the state and our present data base. So the quality problems that you talked about previously are still there.

In other words, that problem is not going to be fixed by the rapid response system. That problem will be fixed, one, with us working individually with states and, two, when we get into the problem driver pointer system, do the pilot, do the evaluation. Then I think we will really work through the quality problem.

Senator LAUTENBERG. So you are now talking about Delaware accessing Delaware driver information in this central system. They do not have to go to you for that. So the 7 seconds is an electronic response rather than an information response.

Mr. REAGLE. Yes.

Mr. MILLER. It is to access the information that is in our National Driver Register, which currently consists of information on suspensions and revocations.

I would like to point out that any time a state makes an inquiry to the NDR, the information they get back is what we term a probable match, because when one looks nationwide, there are many people with similar names, because addresses change, people's Social Security numbers might change over time, people might have more than one driver's license number or Social Security number.

Our NDR system is not able to definitively tell a state that this is absolutely the same person. We tell the inquiring state that we have a probable match. The inquiring state then makes inquiry of the state of record to determine whether in fact it is an exact match.

NDR COMPUTER SYSTEM

Senator LAUTENBERG. So the response time really changes when they have to go to another place. Does NHTSA manage the computer center, the central computer center? Is it managed within the Department?

Ms. STEED. We are operating through a private contractor.

Senator LAUTENBERG. Are the lines in and all that part of the contractor's network, to your knowledge?

Ms. STEED. Yes.

Senator LAUTENBERG. There are dedicated lines, I assume, into this file?

Ms. STEED. I believe that is correct.

Senator LAUTENBERG. Unfortunately, you can probably tell by some of the questions, I come out of a business that has something to do with that kind of thing.

SECTION 408—ALCOHOL SAFETY GRANTS

Let us move on to section 408, the alcohol safety grants. Ms. Steed, for the past couple of years, the committee has been concerned about the awarding of grants in the alcohol safety area.

This program, which appears to be a potentially very valuable effort to combat drunk driving, has been thwarted with states not qualifying for even basic grant awards. Now the programming and financing statement for the program shows that $35.5 million of the safety grants will lapse at the end of this fiscal year.

LAPSING FUNDS FOR ALCOHOL SAFETY GRANTS

Would you explain why these, the opportunity to use these funds is lapsing?

Ms. STEED. I think part of the problem is that even for a basic grant, the criteria to get a grant are fairly tough. There are one or two criteria that are standing in the way of a number of the states, particularly the larger states, from qualifying for these grants.

Essentially, the requirement to suspend a license, to issue a "hard" suspension for license promptly within a 45-day time period, is standing in the way of a number of the larger states. And the requirement for mandatory jail is a hurdle that many states are finding it difficult to cross.

Many of these things take legislative action to improve. We have been unable to secure the needed legislation in their own states.

Mr. MILLER. I would further point out, Mr. Chairman, that those criteria are required by Federal statute and while we have tried very hard to interpret this flexibly so as to enable every state that could conceivably qualify to get these grants we do have to follow the terms of the federal statute.

There was an effort made in the conference, in the highway bill, to provide an additional tier of grants, in fact a relaxation of some criteria, but the conference report of the highway bill did not adopt that recommendation.

Senator LAUTENBERG. Is that in your judgment the principal reason why these funds do not get used? Are the criteria too tough or is there any finger pointing out in the states. One of the debates we had as we tried to develop the legislation on 21, or at least what the opponents said was that we ought to do this with a rewards system, incentives, and so forth.

Of course, there is always the speculation about whether that works as it should. Now is that a factor in here?

Mr. REAGLE. I would make two comments, Mr. Chairman. First I think when the legislation took place there were many states which were already on the curve and had passed alcohol legislation. Your sister state of New York is a good example.

New York's feeling at that time was that they wanted to evaluate the legislation they had just passed and to see what results they were going to get. So I think some of these states passed legislation prior to the federal legislation and wanted to see what kind of results they would get before they moved on.

Second, in some other states, your state, for example, has a problem with the prompt suspension of the license. They have gotten down to 90 days but they have not achieved 45 days.

Senator LAUTENBERG. Is that an unrealistic timeframe?

Mr. REAGLE. Not in my judgment. I do not think so. The purpose for the legislation was in fact to get every state to pass an administrative per se law. And there was some flexibility from 30 days to 45 days.

In the state of New York, I have pushed for a long time to get them to move to administrative per se, and some of the states in fact do not want to do that.

VALUE OF ALCOHOL SAFETY GRANT PROGRAM

Senator LAUTENBERG. Do you believe that the program has value? Obviously, you support the intent of the program. Would you support extending the life of these grants to prevent them from lapsing at this

point? Or is it so difficult under the present structure of law that extending those would not do us any good?

Ms. STEED. We think there are some states, maybe six or seven that will qualify this year. I should point out that many of the states are trying very hard to meet these criteria.

As far as extension goes, if you look at what has happened in the states that have these grants and have been using these funds, they have been able to make some great progress. Language to extend availability of funding is in the conference committee bill and the final position on this provision will depend upon the administration's position on the overall highway bill.

But the states that have gotten these grants have made good progress against drunk driving.

Mr. MILLER. Mr. Chairman, certainly by extending the availability of funds, that will maintain the incentive for those states to take whatever actions are necessary to qualify for the grants.

QUALIFYING FOR ALCOHOL SAFETY GRANTS

Senator LAUTENBERG. If you had to point out, and this may be redundant, but I want to be sure that the record shows your views on this. What are the major obstacles for qualifying for the 408 alcohol safety grant? If you had to summarize them.

Ms. STEED. Three things specifically. States' reluctance to issue a "hard" suspension of a driver's license. Too many states give out hardship licenses and do not require a "hard" suspension of the license.

Second, the requirement for mandatory jail is a tough one for many states, and again may require statutory change in state law. And third, the prompt suspension of the driver's license within a certain timeframe is tough, especially for some of the larger states to meet.

Senator LAUTENBERG. Do you have enough statistical data to say that states who do these things, and on those who meet the three criteria?

Ms. STEED. Yes.

Senator LAUTENBERG. Are there improvements in the reduction of alcohol-related accidents and fatalities, significant enough to make the case and say, listen, if you do this, the rewards are going to be plentiful. You are going to be saving lives, saving injuries.

Ms. STEED. We have pointed out several times that North Dakota, for example, the first state to qualify, experienced a 48-percent decrease in alcohol-related fatals.

Other states, such as Indiana and Delaware, have had 30 percent reductions in alcohol-related crashes. We are currently doing an evaluation of 408 and the various criteria to see exactly how much 408 contributed to reducing drunk driving.

Senator LAUTENBERG. When will that evaluation be available?

Mr. REAGLE. I believe it is the end of this year, but I will have to provide that for the record. The contract is underway right now.

Senator LAUTENBERG. We would like to have a copy of that as soon as it is available. I think that you have got a wonderful tool there to work

with and we would like to be of help in getting this information out and making sure that states understand the value of this.

[CLERK'S NOTE.—The evaluation of the 408 program is expected to be available by October 30, 1987.]

AGE 21 DRINKING LAW

Let us talk about the age 21 drinking law, a subject to which I have a great attraction. Despite the trend toward higher drinking ages and potential loss of millions of dollars in federal highway funds, as you heard me earlier say, several states have yet to raise the minimum drinking age to 21.

What is the status of the states who have passed 21 thus far?

Ms. STEED. Actually, we have all but eight jurisdictions, including Puerto Rico, that have passed a 21 drinking age.

Senator LAUTENBERG. Seven states and Puerto Rico?

Ms. STEED. Yes. Let me put it this way, these jurisdictions do not have laws that qualify. In that list, for example, is Tennessee which has a law, but does not meet all the requirements. In addition, we heard just this morning that South Dakota has signed its bill. But if we understand the provisions of that bill, they too do not meet the technical criteria set up by the federal statute.

So there are two states, Tennessee and South Dakota, that have passed laws which do not meet the criteria.

Senator LAUTENBERG. Passed the bill to raise the drinking age but have not conformed. Now South Dakota, as you know, has filed in front of the Supreme Court, challenging the constitutionality.

Ms. STEED. Yes.

Senator LAUTENBERG. What is the expectation? Do you have any for the states that have not yet decided to save the lives of these young people?

Ms. STEED. Actually we do. We think that several of them will do something about it. For example, Idaho passed the bill. It was vetoed by the Lieutenant Governor. But a new bill has been introduced, and we expect the state to act on that bill in the relatively near future.

Senator LAUTENBERG. Was the bill that was vetoed, do you know, one that would qualify?

Ms. STEED. Yes; it would have. In Montana, a bill has passed both houses of the legislature. In Ohio a bill has been introduced. In Colorado a bill has passed the Senate Committee. Puerto Rico has no legislation pending. South Dakota, as I told you, has already enacted and signed their bill.

Tennessee has a bill that has passed the House to fix the technical problem. They have an exemption for military personnel in Tennessee. We expect some action there.

In Wyoming, the bill did not pass.

Senator LAUTENBERG. What is the potential loss in a place like Puerto Rico if they do not conform?

Ms. STEED. In the first year, it would be a little over $3 million, and $6.1 million the second year.

Senator LAUTENBERG. And continuing under the way the law is structured at $6 million?

Ms. STEED. Yes.

EFFECTIVENESS OF ALCOHOL SAFETY INCENTIVES

Senator LAUTENBERG. Do you think that, and we discussed this briefly before, that the incentive side of things has the desired effect when in place? The incentive programs, do they accomplish what is intended? I am trying to figure out what the challenge is here, other than what I think is an empty argument about states' rights, which is the question that is being heard before the court.

The incentives, do they have the desired effect, enough of an effect to make the carrot approach worthwhile?

Ms. STEED. I think incentives are worthwhile. We have 16 states that have qualified, for example, under 408. One of the biggest problems we hear of with the age 21 laws in the states is that the heavy-handed federal government is telling the states what to do.

Even though we work very hard with the states and the people in the states interested in passing these bills, often it is better if we do not go up and push real hard in public, because of the backlash against the federal government.

SUPREME COURT CASE STATUS

Senator LAUTENBERG. What do you see as the status of the case before the Supreme Court?

Mr. Miller. We are optimistic. As you may know, we have vigorously defended the constitutionality of this law at the district court level and the court of appeals level.

We have filed our brief before the Supreme Court. I would like to note for the record, we are very appreciative of the brief that you filed in conjunction with Mothers Against Drunk Driving.

We are certainly sensitive to the concept of states' rights. But we feel in this issue there are interstate border problems that override those normal interests. We are optimistic.

Of course it is always risky business to predict how any court will decide any issue. But we are optimistic. We are also encouraged to see the number of states with age 21 laws. There are still a few states that have not done so, but the numbers are dwindling each year.

Also I would like to point out for the record, as a postscript to an earlier comment on the South Dakota statute. It is our understanding that the problem with the South Dakota statute in terms of complying with the federal law is a delayed effective date.

That problem will, in effect, go away once the law does come into effect. So South Dakota will in April 1988 have at that time a complying statute.

Senator LAUTENBERG. What is the calendar in the Supreme Court for this?

Ms. STEED. Oral argument is scheduled, I believe, for April 28.

Senator LAUTENBERG. So it is imminent.

Ms. STEED. Yes.

AGE 21 DRINKING LAW DATA

Senator LAUTENBERG. What is the latest data that you have regarding the 21 law?

Ms. STEED. We did an evaluation and found a 13-percent reduction in the involvement of these young people in alcohol-related accidents. That is the latest data.

Senator LAUTENBERG. Thirteen percent over what period of time?

Ms. STEED. I am not sure, Mr. Chairman. I will have to doublecheck that for you.

I would also add that GAO yesterday released its study of the 21 drinking age. They also found that the 21 drinking age is in fact having a tremendous effect, positive effect in reducing drunk driving.

Senator LAUTENBERG. The reason I ask about the 13 percent, if it is 13 percent, how that translates over time.

The size of the states that have enacted the law, the structure of the highway system and all that, affect the absolute numbers. We have heard that for the period of time, January 1, 1985 to June 30, 1986, the National Safety Council, I think, released statistics, that showed 13 percent translated into more impressive numbers. About 850 young people, between the ages of 16 and 20, are alive and well today as a result of the passage of this law and the adherence by those states to that law.

You can not dramatize about something that did not happen. But if anyone knows a family that has lost a youngster, knows the pain and anguish and the durability of that trauma, they have to feel pretty good about this piece of legislation.

Ms. STEED. I could not agree with you more. If you are asking about specific numbers, we looked at this issue in the year 1984 and found that raising the minimum drinking age saved about 700 lives and that an additional 400 lives could have been saved if all of the states have a 21 drinking age.

Senator LAUTENBERG. A hundred kids a month walking around that otherwise would not be.

Ms. STEED. Approximately.

Senator LAUTENBERG. I feel good about that legislation.

[The information follows:]

From 1975 through 1982, 15 states raised their minimum drinking age [MDA]. For 13 states, sufficient data was available to calculate the fatal accident involvement rate for young drivers, aged 18 to 23, before and after the law change. The net effect of passage of an MDA for the 13 states is a 13-percent reduction in fatal accident involvements. The analysis compares whole calendar years after the law became effective with whole calendar years before the law became effective. Calendar years containing the effective date are omitted from the calculations.

TEAM

Senator LAUTENBERG. Ms. Steed, as you know, the Appropriations Conference Committee earmarked funds for a number of particular programs for the fiscal year 1987 and, though I am sure that you are not always fond of this procedure, one particular effort which you support aggressively, TEAM, has gotten very good reports.

You agree, of course, with this favorable assessment of the TEAM project.

Ms. STEED. I certainly do. We are very pleased with the reaction, as I said before, in the arenas themselves and in the public. In surveys done recently in four arenas, that are participating in the program, something like 90 percent of those surveyed stated that they saw a difference in the alcohol serving and use policies and that they were more aware of the effort to serve alcohol responsibly.

Senator LAUTENBERG. What particularly do they do in those arenas that participate?

Ms. STEED. Several things happen. We go in and do an assessment of current alcohol policies. This involves everything from serving policies, size of cups, who gets served, carding people, security around the arena as people leave, bringing liquor or beer or what-have-you into the arena, and so forth.

We do a survey to determine current practices. Then we talk with all of the groups of employees involved in serving alcohol and involved in arena safety and security, about what kinds of policies would improve that situation at the arena.

Then the arena is free to set its new policies. We also provide some training for——

Senator LAUTENBERG. That might include the elimination of alcohol beverage serving toward the end of the game?

Ms. STEED. Or at some point in the game. That is right. Not serving underage people. We encourage the "carding" of those people who look like they are underage, for example, as another training item.

But the point is that arena managements are buying into these programs and agree that their alcohol policies have to be responsible. That feeling and the knowledge that management wants these facilities to be places for family fun and safe places——

Senator LAUTENBERG. Not turning 20,000 impaired drivers out onto the roads.

I wonder if it has improved the response to the activities on the ice or on the arena, whether it has calmed the nerves of the fans or whether it has reduced the hostility in any way. That ought to be an interesting question.

Senator Cochran, do you have a statement?

STATEMENT OF SENATOR COCHRAN

Senator COCHRAN. Thank you, Mr. Chairman. I just wanted to, with your permission, ask unaminous consent to submit a few questions in writing to the witnesses, which they can respond to for the record.

We are all supposed to be at about four different places this morning, and I regret that I have not been able to be here for the full hearing.

Senator LAUTENBERG. Sure. We appreciate your being here and the busy schedule that every one has. Without any objection, of course, we will keep the record open. We will take your questions in writing and assure you that the departments responsible will give you answers.

Senator COCHRAN. Thank you. Let me compliment Ms. Steed on the fine job she is doing. I think strong leadership has been provided in this entire area of safety and the issues that are involved, and we thank you for that. Thank you, Mr. Chairman.

Senator LAUTENBERG. Thank you, Senator Cochran. Senator Harkin.

STATEMENT OF SENATOR HARKIN

Senator HARKIN. Thank you, Mr. Chairman. I too, like my colleague from Mississippi, have about four different subcommittee hearings this morning, and I apologize that I could not be here earlier.

I want to, Mr. Chairman, submit in writing some questions concerning the bridge replacement and repair replacement program. I will not take the time here to get into it.

Senator LAUTENBERG. For Mr. Barnhart and the Federal Highway Administration?

SPEED LIMIT INCREASE

Senator HARKIN. Yes. Ms. Steed, I just want to inquire, do you have any plans underway, or are you formulating any plans to conduct an ongoing collection of data on what is happening with the proposed increase to 65 miles per hour on the rural interstates?

I am one of those who voted for the increase in the 55-mph speed limit to 65 in rural areas. However, I think that much of the debate was not based upon accurate data or any kind of statistics. There was a great deal of supposition.

I suppose it is up to your Department to begin to formulate a systematic approach for collecting data so that, say, a year or 18 months from now we could take a look at it. If in fact the figures show that the increase has resulted in increased fatalities and accidents we might want to revisit that issue again.

Ms. STEED. That is very difficult data to collect because there are so many factors affecting what happens on the highways. As the speed limit may be rising in some states, we are also getting increased safety belt use. So the actual effect of just the increase in speed is a very difficult thing to identify.

But we too will be very interested in getting as much data as we possibly can.

Senator HARKIN. I am not an expert in this area. I do not know how you can collect that data. But I would think that there might be some kind of a matrix that you could put together that would give you some kind of information some months down the road to indicate maybe what is happening out there.

Ms. STEED. As I said, we will be very interested in looking to see what the effects will be.

Senator HARKIN. Thank you very much. Thank you, Mr. Chairman.

SPEED LIMIT ENFORCEMENT

Senator LAUTENBERG. Thank you very much, Senator Harkin. I just would like to continue, Ms. Steed, in view of the speed problems where are we going to be going from here?

Regardless of the fact that the speed limit is changed, your agency still has the same responsibility that includes involvement with enforcement, and review of what is taking place, whether it is 65 or 55.

I am one of those who voted against it, because what I think we have done is raise the limit far beyond that which we realize. Drive in whatever state you want to, and at 55 miles an hour you have a good chance of getting smacked in the rear end of your car by someone moving at a speed so fast that they can not stop. So you are going to have to continue your involvement and supervision.

I wonder if you can give me any examples of the speed control programs that NHTSA itself has carried out in the past few years.

Ms. STEED. I think I can fairly say, Mr. Chairman, that we have not done as much as we should have with regard to speed over the last few years. We have been concentrating on a couple of other priority programs, one being the drunk driving program and the other being the seatbelt usage.

Despite what may happen to the speed limit on interstate highways, we have decided that enforcing speed limits will become an equal priority, no matter what the speed limit, whether it is 55 or 65 or 15 in a school zone.

I think we must start talking about speed, pointing out that people should obey the speed limits, whatever they may be. We have a number of plans underway, for example, a public information campaign. We are working very hard with the law enforcement community to make sure that speed limits are enforced, again, no matter what they may be.

Senator LAUTENBERG. Have you done anything to try to assess how much speed—that is, what the involvement of speed is relative to risk? What share of the accidents result from excessive speed?

Mr. FINKELSTEIN. Mr. Chairman, the best we can do right now is we can make assessments of crashes that occur on various classes of roads, looking at different speed limits. With the change in speed limits that may be taking place, we will be very closely evaluating changes in fatalities and changes in accidents in states that do and do not make changes in speed limits.

We also looked very carefully at crashes that occur that we have never been able to link the speed limits and the enforcement of the speed limit with the severity of the crash. We know that overall there is a much larger fatality problem on rural roads, on high-speed roads, but we do not have the ability to see differences between, say, a 50-mile-an-

hour speed limit road and a 55-mile-an-hour speed limit road on specific crashes.

SPEED LIMIT MONITORING

Senator LAUTENBERG. Can you not draw some conclusions from the way speed limits are observed on particular roads? I mean, it is very obvious that in many states there is a total, casual disregard of speed limits on roads that are straight and direct and kind of rural, and so forth, as contrasted to the busy roads with curves, et cetera.

I mean can you develop criteria that would help you evaluate this in some fashion? How do we know that various states are exceeding the speed limits at this level or that level and stand the risk of losing some of their highway funds? Some of this I know is interpolation and interpretation, if you will.

Mr. FINKELSTEIN. In the last year we have spent a great deal of effort trying to see if we could link any changes in crash experience and accident experience to the data on speed by road system.

We have been using the data that the Federal Highway Administration has been assembling for speed monitoring. And the answer is that, given the small changes that one sees, one has seen a gradual increase over the years in the observed speeds, we have not been able to link that to any changes in fatalities.

The experience that everybody points to was the experience that occurred in the mid-1970's, before we had very extensive data collection systems in place and we had virtually no speed monitoring in place. So we saw what happened when a law changed, and we were able to come up with some assessments of the effect that the change in the speed limit laws had on fatalities.

We may see that again. We are hoping that we will not see a big increase in fatalities as a result. But we will be examining just what happens if there is a change in these laws in those states.

Senator LAUTENBERG. Ms. Steed, I would go back to what you said initially at this part of the questioning, and that is that you felt that you really had not focused enough attention on speed. I appreciate that candor and I would urge you to do more about evaluating what the significance of speeding has and what changes might be needed in the existing law. This is not a forever change to 65 miles per hour.

But that kind of information is critical. Maybe some day we ought to have inexpensive black boxes in cars, so that we know when someone comes to a dead stop or what has happened, and that there would be a record of how that car has been driven.

SUBMITTED QUESTIONS

I thank you all for being with us today. We will, as you heard, keep the record open for further questions. We appreciate your quick and full response to those.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

DRUNK DRIVING EFFORTS

SENATOR LAUTENBERG: The budget justification states that 44 States and the District have adopted illegal per se laws. What States have not?

ANSWER: The following States (and Puerto Rico) have not adopted illegal per se laws: Kentucky, Maryland, Massachusetts, South Carolina, Tennessee, and Wyoming.

SENATOR LAUTENBERG: How many States and which ones do not have "open container" laws?

ANSWER: States typically have two kinds of laws relating to the presence of beverage alcohol in a motor vehicle. The first is generally known as an "open container" law. This type of law prohibits the presence of an open container of alcohol in the passenger compartment of a vehicle. The second type of law is one which prohibits consumption of alcohol in a motor vehicle by the driver and/or the passengers. Some States have both types of laws; other States have only one type; and some States have neither. Nineteen States have "open container" laws and thirty-three States have some form of "anti-consumption" laws. Following are lists of States that either have (a) only an anti-consumption law (16 States) or (b) no law regarding the presence or consumption of alcohol in the passenger compartment of a vehicle (15 States).

States with an Anti-Consumption Law Only	States with Neither Law
Arizona	Alabama
Arkansas	Alaska
Colorado	Connecticut
Kentucky	Delaware
Massachusetts	Florida
Nebraska	Georgia
Nevada	Indiana
New Hampshire	Louisiana
New Jersey	Maine
New York	Mississippi
Ohio	Missouri
Pennsylvania	New Mexico
Rhode Island	Tennessee
Vermont	Texas
Virginia	Wyoming
West Virginia	

SENATOR LAUTENBERG: How many States and which ones have administrative revocation of licenses?

ANSWER: Twenty-one States have laws permitting administrative revocation of the driver's license for driving with an illegal blood alcohol concentration(BAC), usually .10% BAC. Those States with administrative revocation at .10% BAC are: Arkansas, Delaware, District of Columbia, Illinois, Indiana, Iowa, Louisiana, Maine, Minnesota, Mississippi, Nevada, New Mexico, North Carolina,

North Dakota, Oklahoma, West Virginia, and Wyoming. States with administrative revocation at different BAC's are Colorado (.15), Missouri (.13), Oregon (.08), and Utah (.08).

In addition to the above 21 States with administrative revocation, Wisconsin has a similar type of administrative action at .20% BAC and Massachusetts, New York, and Ohio have pre-criminal court adjudication license actions.

SENATOR LAUTENBERG: The Presidential Commission on Drunk Driving issued its recommendations more than three years ago. What are the ten worst States in implementing the recommendations found in that report?

ANSWER: In December 1986, the National Commission Against Drunk Driving (NCADD) issued a report showing progress made by the States in implementing the Presidential Commission's recommendations. A copy of the summary chart from that report, showing state-by-state action, follows. Virtually every state has made considerable progress in combatting the drunk driving problem, by adopting many of the actions recommended by the Commission and through other steps. Continued implementation of those programs, including strong enforcement and education efforts, is needed to make further inroads against the number one highway safety problem - the drunk driver.

INTRODUCTION TO CHART

The chart on the following two pages represents responses of state officials to questions in a survey begun in July 1986 for the National Commission Against Drunk Driving by Allstate Insurance Company. This chart updates information obtained in a similar survey undertaken by Allstate Insurance Company in 1985.

While the survey covered more issues than those indicated on the chart, the items on the chart lend themselves to measurement and statistical analysis. The information contained in the other questions in the survey proved extremely helpful in preparation of the editorial portion of the Report.

The chart reflects existing laws and programs as of November 10, 1986, including legislation enacted with future effective dates. It should be pointed out, however, that there are varying interpretations of degree of compliance, as in the case of sobriety checkpoints, where as few as one checkpoint per year in a given state would permit a dot for that state on the chart.

The National Commission gratefully acknowledges the cooperation of the Governors' Highway Safety Representatives and their staffs in supplying up-to-date material for this survey. Additional data and documentation for this survey were taken from records provided so generously by the staff of NHTSA.

NATIONAL COMMISSION AGAINST DRUNK DRIVING
Checklist of Selected DUI Countermeasures
November 10, 1986

	ALABAMA*	ALASKA*	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE*	D.C.	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA*	IOWA	KANSAS	KENTUCKY	LOUISIANA*	MAINE*	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI*	MISSOURI	MONTANA*	NEBRASKA	NEVADA*	NEW HAMPSHIRE*	NEW JERSEY*	NEW MEXICO*	NEW YORK	N. CAROLINA	N. DAKOTA*	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	PUERTO RICO	RHODE ISLAND*	S. CAROLINA	S. DAKOTA	TENNESSEE	TEXAS	UTAH*	VERMONT	VIRGINIA	WASHINGTON*	W. VIRGINIA	WISCONSIN	WYOMING	Summary YES	Summary NO
† 1. age 21	●	●	●	●	●		●	●	●	●	●	●		●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	44	8
† 2. seat belt law					●			●	●	●		●	●	●	●	●				●					●						●			●																				26	26
† 3. administrative license pickup		●				●		●	●				■	●	●	●							●	●	●	●																												22	30
4. .10 or lower per se level	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●		●	●	●	●	●		●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	43	9
† 5. open container law					●							●	●	●		●	●										●							●																				17	35
6. dram shop statute	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	28	24
† 7. victim restitution	●	●	●	●	●	●		●		●		●	●	●		●				●	●		●		●	●	●			●				●	●	●	●	●	●	●	●						●	●	●	●			37	15
8. user funded programs	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	42	10
† 9. sobriety checkpoints	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	50	2
† 10. preliminary breath test by law		●				●		●						●		●				●			●	●	●			●	●	●	●	●	●			●	●	●	●	●		●	●	●	●		●	●	●	●	●	●	●	26	26
† 11. test refusal admitted in court	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●			●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	45	7
† 12. DUI plea bargaining excluded		●	●	●		●	●	●	●		●		●		●	●	●		●	●			●	●			●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	13	39
13. felony, vehicle homicide, for causing death while DUI	●				●	●	●	●	●	●	●	●	●	●		●				●		●	●	●	●	●		●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	39	13
† 14. at least 90 days mandatory license S/R, first offense	●				●	●	●	●	●	●	●	●		●						●			●	●	●			●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	13	39
15. withdraw youth license, DUI conviction and test refusal				●		●	●			●	●	●	●			●		●		●	●		●	●				●		●		●				●				●			●			●				●		●		23	29
16. mandatory jail, driving on suspended/revoked license		●	●	●	●	●	●	●		●	●	●	●	●	●	●	●		●	●	●		●	●	●		●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	25	27
† 17. mandate DUI pre-/post-sentence investigation		●		●		●	●	●					●			●	●			●		●	●			●				●	●				●										●				●	●			24	28
18. ongoing DUI training for police	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	51	1
19. ongoing DUI training for prosecutors and judges	●	●		●		●	●	●		●	●	●					●			●	●		●	●	●	●	●	●			●		●			●	●	●	●	●			●			●			●	●		●		33	19

● = legislative or administrative measure approved; includes future effective dates.

† = denotes Alcohol Traffic Safety Incentive Grant Funds 23 U.S.C 408. States with names asterisked have qualified for these funds.

1 .08 per se level in Oregon, Utah.

Survey work performed for the Commission by Allstate Insurance Company

L1986-4

Summary of final worksheet and definition of headings for priority DUI countermeasures

	YES	NO
1. *Age 21* for all alcoholic beverages	44	8
2. *Seat belts for drivers*	26	26
3. *Administrative license suspension or revocation for BAC test failure or refusal*	22	30
4. *0.10% (or lower) per se level*	43	9
5. *Open container law* prohibiting unsealed containers in passenger compartment for all ages and all occupants	17	35
6. *Dram shop statutes:* of the 24 states without statutory law, 11 states have case litigation which is more vulnerable to being overturned or thrown into question	28	24
7. *Victim Restitution* to be paid by person convicted of causing a personal injury or damage while DUI, either directly or through a fund	37	15
8. *User-funded programs*	42	10
9. *Sobriety checkpoints* operating somewhere in the state	50	2
10. *Preliminary breath test* specifically permitted by law	26	26
11. *Implied consent test refusal admissible in court*	45	7
12. *Plea bargaining excluded by law from DUI cases*	13	39
13. *Felony, vehicle homicide, for causing death while DUI*	39	13
14. *At least 90 days mandatory license suspension or revocation for first offense DUI*	13	39
15. *Withdraw provisional youth license for DUI conviction and for implied consent refusal*	23	29
16. *Mandatory jail for driving with suspended or revoked license*	25	27
17. *Mandated pre-sentence or post-sentence investigation for DUI offense*	24	28
18. *Continuing DUI training program for police*	51	1
19. *Continuing DUI training program for prosecutors and for judges*	33	19

Single copies of the chart on overleaf may be obtained by writing to: Corporate Relations Department, Allstate Insurance Company, Allstate Plaza A-4, Northbrook, IL 60062. Additional copies of the full report may be obtained by writing to the National Commission Against Drunk Driving, 1140 Connecticut Avenue, N.W., Suite 804, Washington, DC 20036.

The current digest of state alcohol-highway safety related legislation may be obtained by writing to: National Highway Traffic Safety Administration, Office of Alcohol and State Programs—NTS-21, 400 Seventh Street, S.W., Washington, DC 20590, Attn.: Legislative Resource Center.

DETECTION OF DRUG-IMPAIRED DRIVERS

SENATOR LAUTENBERG: For the record provide a brief executive summary of the field evaluation of the behavioral testing procedure developed by the Los Angeles Police Department for use in detecting drug-impaired drivers.

ANSWER: The Los Angeles Police Department (LAPD) drug detection procedure has a number of components: an interview concerning the suspect's medical and drug use history; an evaluation of the suspect's alertness and responsiveness; a measurement of certain physiological symptoms, including pulse rate, blood pressure, oral temperature, pupil size and skin signs of substance abuse; and a battery of behavioral tests similar to those used by police to test for alcohol impairment .

The field study was conducted with the cooperation of the LAPD during the summer of 1985. Drivers arrested by Los Angeles police who were suspected of being under the influence of a drug other than alcohol, were taken to any one of a group of selected senior Drug Recognition Experts (DRE) for a drug evaluation. If the DRE concluded that the suspect was under the influence of drugs, he indicated which drug or drug class, and the suspect was asked to provide a blood sample. The blood sample was analyzed for drugs and the results compared to the DREs drug predictions.

In terms of the accuracy of the DRE's judgments, the important findings were:

- When the DREs claimed drugs other than alcohol were present, they were almost always detected in the blood (94 percent of the time). It was rare for the DREs to claim a suspect had used drugs and for no drugs to be found in the suspect's blood.
- When the DREs identified a suspect as impaired by a specific drug, the drug was detected in the suspect's blood 79 percent of the time.
- The DREs were entirely correct in identifying all of the drugs detected in the blood of almost 50 percent of the suspects. Most of these suspects had used multiple drugs (other than alcohol).
- The use of alcohol in conjunction with other drugs was pronounced with 50 percent of the suspects who had used drugs having also used alcohol. The presence of alcohol (a central nervous system depressant) made the DREs detection of other drugs more difficult.
- Only six of the suspects (3.7 percent) who had used drugs had Blood Alcohol Concentrations (BACs) equal to or greater than 0.10 percent. It is likely that most (if not all) of the remainder of the suspects would have been released if the drug symptoms had not been recognized by the DREs.

SENATOR LAUTENBERG: How does the Department of Transportation rate this testing procedure?

ANSWER: The results of laboratory and field studies conducted by NHTSA show that the Los Angeles Police Department (LAPD) drug recognition procedure enables the experienced, trained police officer to accurately recognize the symptoms of many types of drug use by drivers. When the officers identify a suspect as having

used particular drugs, a blood test almost always will confirm their judgment. Blood tests are not currently conducted on a routine basis because the cost of testing for the many possible drugs is prohibitively expensive. Because this procedure allows the police to focus on a few specific drugs, the cost of the blood test should be much less expensive and could therefore be more routine. Information regarding the particular drugs used by impaired drivers should increase successful prosecutions. Thus, this procedure appears to be a useful tool that will greatly enhance the enforcement of "driving under the influence of drugs" laws. It must be considered, however, that this is a relatively sophisticated technique and requires more training than other techniques.

SENATOR LAUTENBERG: Would it or could it be used in the commercial motor vehicle carrier area, the airline industry and the rail industry?

ANSWER: The Los Angeles Police Department (LAPD) drug recognition procedure would have some utility as an initial screen to determine whether operators (i.e., truck drivers, pilots, etc.) that are exhibiting obvious signs of impairment are likely to be experiencing this impairment as a result of drug usage. If the LAPD procedure indicates the presence of drugs, a follow-up blood sample should be collected and analyzed to confirm this finding.

There is little information on how effective the LAPD procedure would be when used with operators not exhibiting obvious signs of impairment. There is some evidence that the procedure is less effective when drug dosages are relatively low. Thus, the agency would not recommend that this procedure be used to screen individuals to determine if they are drug free. It was developed to determine if obviously impaired individuals are impaired by drugs, and if so, by what type of drug.

Also, the LAPD procedure appears to require extensive training and experience with drugged individuals for the user to acquire sufficient expertise to use the technique effectively, and this might reduce its applicability to other modes of transportation.

TRAUMA PROJECT

SENATOR LAUTENBERG: For the past two years, NHTSA has been appropriated a total of $15 million for the trauma project coordinated with the Centers for Disease Control in Atlanta. What is the status of the project?

ANSWER: Since the first funds were made available in FY 1986, the NHTSA and CDC have achieved a great deal. A trauma research program designed to support work in epidemiology, prevention, acute care, biomechanics and rehabilitation has been initiated. A peer review process including the preeminent researchers in these fields was established, and applications for research were solicited. More than 400 proposals (requesting in excess of $70 million) were received. Those proposals were reviewed, and the selection of five Injury Prevention Research Centers was announced this January. Thirty-one awards for research and demonstration grants are expected to be announced during April 1987.

SENATOR LAUTENBERG: How much has been obligated, to whom?

ANSWER: NHTSA has obligated all of the appropriated monies to CDC. CDC has expended all of the FY 1986 monies--$ 8 million in grants and $ 2 million in operating expenses. Contractual arrangements between CDC and grant recipients are well along to expend the second year's appropriation. Five Injury Prevention Research Centers have been selected to share approximately $2 million in first-year funding. The centers are: Harborview Medical Center, Seattle, Washington; Harvard University, Cambridge, Massachusetts; Johns Hopkins University, Baltimore, Maryland; University of North Carolina, Chapel Hill, North Carolina; Wayne State University, Detroit, Michigan. In addition, 31 Research and Demonstration projects totalling approximately $6 million in first-year funding will be announced this April. A list of the projects and first year funding follows.

PROJECT SUMMARIES
INJURY RESEARCH AND DEMONSTRATION PROJECTS
Recommended for Award

I. Acute Care

#902269 Alan I. Faden, M.D. (San Francisco V.A Medical Center)
Secondary Injury Factors and Preventative Treatment in Central Nervous System Trauma $304,600

The investigators will study the role of opioid receptors and antagonists in central nervous system injury. They will use animals (rats and rabbits) and injured patients to elucidate mechanisms of injury and potential protection from secondary damage using opioid antagonists.

#602448 Gerald E. Sussman, Ph.D. (Southwest Center for the Study of Hospital and Health Care Systems)
Validating the Abbreviated Injury Scale/Injury Severity Score for Penetrating Injuries $122,400

The investigators will evaluate the existing injury severity scoring systems (AIS/ISS) for penetrating injuries. They will determine the correlation between scores and mortality, length of hospital stay and major complications for patients admitted to their surgical service during a 4-month period.

#202487 Gene C. Cayten, M.D. (New York Medical College) EMS System Factors: Motor Vehicle Versus Other Factors $203,300

The investigators will examine the effect of various procedural aspects of emergency medical services systems in preventing death and minimizing disability after injury. They will also identify whether the outcomes of various types of injuries are affected by specific identified characteristics of EMS systems.

#302354 Howard R. Champion, FRCS, Edin. (American College of Surgeons)
The Major Trauma Outcome Study $250,000

The investigators plan to use their experience from the MTOS to develop normative data using four centers which will relate survival to injury severity. Such norms would be the foundation for evaluating care and establishing quality assurance methods.

#802385 Stuart Reynolds, M.D. (Critical Illness and Trauma Foundation)
The Rural Use of Pneumatic Anti-Shock Garments $162,000

The investigators will identify whether the use of MAST trousers are an effective emergency treatment for shock. This form of therapy has particular relevance to the EMS needs in rural areas.

Budget for all Recommended Acute Care Applications $1,042,300

II. Biomechanics #402396 James H. McElhaney, Ph.D. (Duke University)

Biomechanical Aspects of Spinal Trauma $139,650

The investigators will study biomechanics of cervical spinal column segments and components clarifying the forces leading to spinal cord impairment. They will use specimens from cadavers to examine the forces resulting in dislocations of fractures. Fixation devices will be used for fractures, and these repaired specimens will be compared with normal specimens.

#502347 Albert I. King, Ph.D. (Wayne State University)

Biomechanics of Side Impact $215,650

The investigators will develop basic biomechanical data, determining the human response to side impacts to vehicle occupants, which represent approximately one-fourth of all motor vehicle fatalities. Using whole-body cadavers, they will determine forces on various body areas during high-speed impact. This will lead to new criteria for this aspect of automotive design and to an appropriate test dummy.

#302265 Lawrence E. Thibault, Sc.D. (University of Pennsylvania)

The Biomechanics of Neural and Neurovascular Injury $261,250

The investigators will define the effects of impact to the intact brain and to isolated brain tissues. They will draw on past work, use animals (guinea pigs, rabbits) and isolated tissue to determine deformations associated with trauma, and associate these with brain trauma and brain malfunction. Neural injury criteria will be developed from these data, leading to improved prevention models.

#102550 Wilson C. Hayes, Ph.D. (Beth Israel Hospital)

Biomechanics, Epidemiology, and Treatment of Hip Fractures $315,400

The investigators propose to define the critical biomechanical parameters controlling hip fractures from falls and evaluating treatment and rehabilitation alternatives. The study will define the energy content of falls and the geometry and energy absorbing features of the struck surface. They will develop biomechanical studies of the femur and integrate this information with site investigations.

#502491 Richard L. Stalnaker, Ph.D. (Ohio State University Research Foundation)

Development of a Multisized Hybrid III-Base Dummy Family $256,500

The investigator plans to improve dummies to better represent human forms in test settings. He will develop dummies to represent the 95-percentile male, a 5-percentile female, a 6-year-old child, and several infants to accompany the current 50-percentile male. These dummies will ensure that seat belt, air bag, and other automotive technologies are developed to be protective for a broad portion of the population.

Budget for All Recommended Biomechanics Applications $1,188,450

III. EPIDEMIOLOGY

#402307 Wayne A. Ray, Ph.D. (Vanderbilt University School of Medicine)

Fall-Related Fractures and Use of Medications $215,400

The investigators will describe the epidemiology of fall-related fractures among Tennessee Medicare enrollees and perform case control studies to identify the association of psychotropic and hypotensive drugs with such fractures. They will then assess the potential for intervention by changing patterns of medication use.

#402211 Lorann Stallones, Ph.D. (University of Kentucky College of Medicine)
Fatal and Nonfatal Injuries Among Kentucky Farmers $56,700

The investigators will analyze information on fatal and nonfatal injuries among Kentucky farmers using available data. The investigators will then define the subset of information needed to establish surveillance for evaluating prevention activities for farmers.

#902521 Phyllis F. Agran, M.D. (University of California, Irvine)
Traffic Related Injuries Among Children $144,400

The investigators will expand an existing surveillance system to encompass all motor vehicle injuries among children (0-14 years) seen in emergency rooms. Analyses will focus on the injury changes among 4- to 14-year-olds since the seat belt law was passed and the underreporting of pedestrian and pedicycle injuries in police files. The surveillance system will eventually expand to encompass all pediatric injury types.

#502360 Robert D. Brewer, M.D. (Rush, Presbyterian-St. Lukes Medical Center)
Occupational Injury Surveillance by Health Centers $186,200

The investigators will identify injuries using the occupational health center system which provides services for 3,000 companies. The surveillance system will be enhanced during the initial phase. Subsequently, the investigators will assist companies in the design, implementation, and evaluation of control programs focused on their priority injury problems.

#402424 Arthur L. Kellerman, M.D., M.P.H. (University of Tennessee)
Violent Death in the Home in Relation to Gun Ownership $189,900

The investigators will conduct a population based, case-control study in two different metropolitan areas to assess the strength and direction of any association between firearm ownership and the risk of violent death in the hone. Case households will be matched to a neighborhood control by age, sex, and race of the deceased, and a number of questions will be asked to identify potential confounding factors. Gun ownership proportions in case and control households should clarify if firearms in the home confer protection against or are associated with greater risk for violent death.

#902457 Jess F. Kraus, Ph.D. (University of California, Los Angeles)
Brain Injuries in Children $249,000

The investigators will study the determinants and sequelae of mild brain injury in children and adolescents by comparing brain-injured children with nonbrain-injured and uninjured children drawn from hospitals in West Los Angeles. They seek to identify neurologic and behavioral sequelae of brain injury, predictors of adverse sequelae, and risk factors for injury occurrence. Groups will be followed over an 18-month period to assess the short- and medium-term outcomes.

#202585 Leslie L. Davidson, M.D. (Columbia University)
Epidemiology of Severe Injury to Urban Children $117,100

The investigators will conduct a population-based epidemiologic study of severe injuries by circumstance, type of injury, locale, and social and demographic factors. They will also describe the availability and use of services for injured children and their families. This study will provide the basis for developing ongoing surveillance of this high-risk population, for future prospective studies of childhood injury and for service needs.

#602315 Gregory R. Istre, M.D. (Oklahoma State Department of Health)
Oklahoma Demonstration Project on Injury Control $119,500

Spinal cord, drowning/near drowning, and severe burn injuries are of low frequency, but great severity. Surveillance of these injuries will make it feasible to identify virtually all such injuries occurring in the State. Information will also be collected to elucidate the chain of causation, leading to development of specific interventions.

#502499 Paul Gunderson, Ph.D. (University of Minnesota)
Olmsted Farm Injuries - A Pilot Incidence Study $232,800

The investigators will develop a pilot incidence study of farm-related injuries in Olmsted County using a telephone survey. A sample of these reported injuries will be investigated to identify possible interventions. They will validate phone reports using medical provider records. In future years, the surveillance system will become statewide.

Budget for All Recommended Epidemiology Applications $1,511,100

IV. PREVENTION

#102259 John D. Graham, Ph.D. (Harvard School of Public Health)
Evaluation of Drunk-Driving Interventions $80,000

These investigators will examine the effects of recent drunk driving interventions on the frequency of alcohol related motor vehicle fatalities. The individual and collective effects of 10 drunk driving interventions on "alcohol related" fatalities will be estimated. Several models will be devised and used to control for confounding factors such as seasonality, travel exposure, etc.

#302635 E. Scott Geller, Ph.D. (Virginia Polytechnical Institute)
Intervention to Increase Children's Use of Safety Belts $101,000

A series of field studies will be conducted to evaluate safety belt use by targeted children and their families. The interventions, all previously evaluated individually, will be used alone and in groups, allowing assessment of the differential effect of multiple interventions. Interventions will include (1) awareness sessions, (2) incentives, (3) modeling, (4) pledge cards, and (5) rule transfer.

#502401 Robert D. Ervin, M.S. (University of Michigan Transportation Research Institute)
Hydroplaning with Lightly Loaded Truck Tires $171,000

The investigators will adapt a mobile dynamometer for measurement of truck tire traction under wet conditions. They will examine tire factors, speed, and pavement textures, and develop computer simulations of behavior of empty trucks. These models will then be assessed using lightly loaded trucks in test conditions. Findings and recommendations will then be disseminated.

#502266 Thomas B. Leamon, Ph.D. (Northern Illinois University)
Experimental Studies of Falls $264,600

The investigators will develop test equipment to conduct basic research on fall stresses occurring on the job and at home and on

levels, inclines, and stairs. The information collected will be used to begin developing countermeasures which can be evaluated.

#502274 Susan A. LeBailly, Ph.D. (American Academy of Pediatrics)
The Children's Safety Research Project $176,000
The investigator will evaluate the effectiveness of injury prevention counseling provided to parents of young children. A second intervention, provision of safety equipment, with and without counseling, will also be evaluated. If either intervention proves effective, nationwide dissemination would follow.

#20259B David Shaffer, M.D. (New York State Psychiatric Institute)
An Evaluation of School-Based Adolescent Suicide Prevention Programs $266,000
The investigator will study the effectiveness of school based youth suicide prevention programs. He will enroll multiple, diverse, well-established programs and examine a variety of suicide-related variables. Retrospective analysis of time trends of suicide, suicide attempts, and referrals to mental health services will allow inferences about the program's effectiveness. They will also conduct a prospective study to evaluate the program's effect on knowledge, attitudes, emotions, and behaviors.

#502584 Daniel G. Saunders, Ph.D. (University of Wisconsin)
Preventing Injuries from Marital Violence $97,000
The investigators will evaluate two different therapies for men who have battered their wives. Clients will be randomly assigned to these treatment groups. The quality of their immediate care and short- and long-term follow-up will provide optimal therapy while also allowing assessment of these two treatments.

#902303 James F. Mosher, J.D. (The Trauma Foundation)
Injury Prevention: Evaluating Server Intervention $125,000
The investigator will critically evaluate alcohol beverage server interventions designed to regulate drinking behavior leading to reduced injuries, particularly motor vehicle crashes. An intensive server training (TIPS) program would be compared with minimal and no server training. The impact of the TIPS program will be assessed in interviews with patrons, direct observations, and measurements of DUI. Centers for Disease Control funds will support overall coordination and implementation of TIPS itself.

Budget for All Recommended Prevention Applications $1,280,600

V. Rehabilitation

#402525 Samuel L. Stover, M.D. (University of Alabama at Birmingham)
Development of an Outcome-Oriented Head Injury Database $220,800
The investigators propose to design, develop, and implement a rehabilitation-outcome database documenting the course of head injuries. They will develop and test an information system which will then be field tested at other rehabilitation centers resulting in an information system with wide applicability to rehabilitation.

#002299 Kenneth M. Jaffe, M.D. (Children's Hospital & Medical Center)
Outcome of Closed Head Injury in Childhood $202,400
Ihe investigators will prospectively analyze the consequences of brain injury in children. They will conduct case matching descriptive analysis of the factors which impair functional

recovery and which best predict successful rehabilitation outcomes. These findings will form the basis for designing interventions and treatment plans for best outcomes.

#302583 James H. Howard, Jr., Ph.D. (Catholic University)
Cognitive Implications of Closed Head Injury $286,500
The investigators will examine cognitive function following closed head injuries. They will carefully test cognitive ability evaluating the hypothesis that involuntary cognitive processing remains intact while voluntary attention impairments result in other losses. These deficits will be assessed over time and predictors of outcome will be sought. Findings will be applied to national databases to better define the magnitude of the problem.

#902270 William A. Hargreaves, Ph.D. (San Francisco General Hospital/Langley Porter Psychiatric Institute)
Neuropsychiatric Factors in Injury $75,000
The investigator will characterize the physiological, neuropsychological, and social/behavioral course of recovery from mild head trauma. He will also identify if long term recovery of functions can be predicted from the severity of injury, cognitive defects, and emotional adaptation with the first month following injury.

Budget For All Recommended Rehabilitation Applications $784,700

SENATOR LAUTENBERG: What percent of the funding has gone towards vehicular related trauma?

ANSWER: Approximately 50% of the funding has gone to projects related to vehicular trauma. Three of the five funded injury prevention research centers--Johns Hopkins, University of North Carolina, and Wayne State University--have a long and distinguished history in motor vehicle injury research. In addition, of the 31 injury research projects about to be funded, at least 20 will be related in varying degrees to motor vehicle trauma.

RESEARCH AND DEVELOPMENT

SENATOR LAUTENBERG: Break down the Federal funds provided to the Vehicle Research and Test Center (VRTC) in East Liberty, Ohio for Fiscal Years 1984 through 1986, expected in 1987 and budgeted for Fiscal Year 1988.

ANSWER: The Federal funds provided to or budgeted for the Vehicle Research and Test Center (VRTC) for FY 1984 through FY 1988 are broken down into five categories as follows:

Category	FY 1984	FY 1985	FY 1986	(Estimate) FY 1987	(Estimate) FY 1988
Enforcement	$547,774	$440,359	$117,064	$200,000	$210,000
Administrative	895,079	716,208	981,910	683,115	686,120
Crashworthiness	1,438,992	1,546,377	992,500	667,580	669,085
Crashavoidance	633,073	322,466	529,000	918,445	916,350
Biomechanics	715,919	645,595	665,000	943,174	943,035
Total	$4,230,838	$3,671,005	$3,285,474	$3,412,314	$3,424,590

SENATOR LAUTENBERG: Provide the amount of funds, brief description of the projects, how NHTSA used the study results for its safety efforts.

ANSWER: The VRTC provides an invaluable in-house research capability to NHTSA. In addition to the flexibility and confidentiality for enforcement related work, it also promotes essential 'hands on' expertise for the agency's research staff. The amount of funds is contained in the response to the previous question. A brief discussion of the uses of these funds follows:

Enforcement

For each of the years, VRTC has been the Agency's in-house test laboratory that provided the experimental documentation necessary to determine the existance or non-existance of a "Safety Related Defect" in motor vehicles and motor vehicle equipment. Various motor vehicles and motor vehicle equipment were tested when information was obtained to indicate that a safety defect may exist. During FY85, a major effort was expended in support of litigation with General Motors concerning safety problems with X-body brake performance.

Administration

The administrative funds were used to support the ongoing VRTC programs and include facility lease, utilities, supplies, maintenance, computer hardware and software procurement and maintenance, test and instrumentation equipment procurement and maintenance and provision for increasing the capability of the laboratory.

VRTC Crashworthiness Activities -- 1984--1987

Research activities in the crashworthiness area have been as follows:

In side impact research, VRTC has refined and perfected full vehicle crash testing procedures -- deriving test conditions which represent real-world accidents, developing design improvements to test barriers and dummies, and establishing the degree of test repeatability attainable. An extensive experimental program was conducted to evaluate a variety of production (baseline) and modified cars. Results were used to derive benefits achievable by side impact protection rulemaking. Alternate test procedures using head and thorax component devices have been developed and are currently being evaluated. Research has been done on vehicle aggressiveness -- assessing striking vehicle front structural characteristics which affect crash survival in side-struck vehicles.

Frontal crash survivability activities at VRTC have included detailed evaluation of different frontal crash dummies, analysis of steering column behavior in crashes, and development of occupant head component test methods, which enable accurate simulation of specific real-world accident cases.

VRTC researchers have become NHTSA's technical experts in the operation and improvement of the CRASH III computer model, which is used extensively by accident investigation teams to accurately reproduce vehicle collision severities. Work has included extensive

testing and analysis to update vehicle stiffness coefficients needed for the model, and development of major improvements in the basic mathematical formulations of the model.

VRTC has responsibility for the Agency's Advanced Pedestrian Protection Program, which addresses pedestrian upper body injury. Since 1984, periodic analyses of the accident environment have been performed, experimental methods of simulating pedestrian head and thorax impacts against vehicle surfaces have been developed, injury criteria have been worked on, and production vehicles have been tested to identify desirable design features for minimizing pedestrian injury.

VRTC Crash Avoidance Activities

Projects fall into three general areas; heavy truck braking, passenger car braking and passenger car handling and stability. In the heavy truck area, several projects were performed to support upgraded truck braking. Tractor trailer brake system compatibility problems were studied in a joint program with industry and data developed is now being utilized as a basis for future rulemaking.Two truck braking projects were also performed for the Federal Highway Administration: one, to provide data to support their national out-of-service criteria for brake adjustment, and the other to support their rulemaking to prevent the removal of front brakes. Research was (and is) being conducted to evaluate performance of second generation anti-lock brake systems to determine their suitability for a large scale Congressionally mandated anti-lock fleet evaluation program. VRTC provided the primary input for the braking portion of the Congressionally mandated (216) truck safety study. VRTC has recently published 10 reports/papers on truck braking that have been widely circulated within the industry and are encouraging major truck fleets and vehicle manufacturers to upgrade the braking performance of their vehicles on a voluntary basis.

In the passenger car braking area, VRTC has worked closely with Rulemaking to develop the test procedures and performance requirements for the harmonized braking regulation (FMVSS 135). Over 50 cars have been tested by VRTC and the large test data bank developed is being heavily relied on by industry and governments throughout the world in the harmonization process.

In the passenger car handling and stability area, VRTC has developed complex equipment for accurately measuring inertial and suspension properties. Such equipment did not previously exist. With this information it will be possible to make more reliable use of computerized vehicle dynamics simulations to study the relationship between vehicle handling characteristics and accident rates.

VRTC Biomechanics

The projects conducted during these fiscal years covered a wide variety of work ranging from managing the inventory of NHTSA dummies and related instrumentation to development of injury criteria which more realistically assess injury potential in the automotive environment. The research included evaluation and modification of production and prototype dummies developed both by the U.S. and

foreign governments as well as by private industry. The dummies were for both frontal and side impact crash testing and included child through 95the percentile occupant sizes. Injury criteria development was conducted primarily for head, neck, thoracic and abdominal body regions.

The research has application to a number of the Agency's rulemaking and R&D efforts in side impact, frontal occupant protection, and steering column upgrade.

SENATOR LAUTENBERG: What percent of VRTC's funding is from NHTSA?

ANSWER: The numbers are listed below:

	Percent of VRTC's Funding From NHTSA
FY 1984	98%
FY 1985	100%
FY 1986	97%
FY 1987	100%

SENATOR LAUTENBERG: Describe what NHTSA has done to date and is planning to do to implement the recommendations on page 37 of the Safety Review Task Force regarding the research and development program.

ANSWER: The recommendations will be discussed sequentially:
RECOMMENDATION 1: Provide firmer guidance to the R&D program to ensure more direct support for Rulemaking and Traffic Safety activities.

NHTSA Response:
NHTSA has already taken steps to accomplish this recommendation by increasing its program planning activities to ensure that research is providing optimal support to priority programs and by formally monitoring the implementation of these plans. Research budget proposals and budget execution will continue to be scrutinized carefully and directly related to agreed upon Agency plans.

Planning: NHTSA is implementing a rigorous and far reaching planning process that examines safety needs, agency priorities, and resource allocation and makes recommendations to the Administrator on what programs should be pursued and how they can be accomplished. This planning process is being carried out in full consultation with the Agency's program offices to ensure that their expertise and judgment is fully integrated into the final product. Examples of these planning studies include the following:

Update of the Priority Plan--This is discussed in the Rulemaking section of this paper.

Redirection of the National Accident Sampling System (NASS)--Agency data needs were defined and a number of alternative approaches were analyzed. All interested program offices participated in the development. The end result will be a major redirection of the NASS system to collect data on more serious crashes to support the agency's crashworthiness program. The bottom line is that 3-4 times the amount of useful data will be collected for the same amount of money.

Comprehensive Child Safety Seat Plan--Diverse efforts were underway within the agency on different aspects of the child safety problem. A special study involving Plans and Policy, Rulemaking, Traffic Safety Programs, Enforcement, and Research and Development reevaluated the current programs, identified gaps, developed new initiatives along with time and resource needs and made recommendations to the Administrator. The Administrator concurred in the recommendations and a multi-year plan is now being implemented by all of the above mentioned groups to carry out the safety initiatives.

Frontal Protection Steering Assembly plan--A detailed review of the frontal protection crashworthiness program is currently underway. Plans and Policy, Rulemaking, Research and Development, and Enforcement are reviewing the research to date and developing modified plans that recognize changes in vehicle design and the changing accident environment. A revised research program plan will be developed and submitted to the Administrator for approval in the summer of 1987.

Pedestrian Safety plan--A comprehensive agency plan for dealing with the pedestrian safety problem is currently being developed. The final product will be similar to the Child Safety Plan described above. The resulting plan will identify specific research and traffic safety projects and resource requirements. This plan will be completed and submitted to the Administrator in the summer of 1987.

The planning efforts described above are offered up as examples of a dynamic planning process that is taking place within NHTSA. Another study that has been recently completed is an analysis of the biomechanics/anthropometric dummy needs to support crashworthiness rulemakings. Several other planning studies are scheduled to be undertaken in the next year covering a variety of subjects such as heavy truck research, light truck research, etc. All of these studies will produce documents for the Administrator that describe various agency initiatives and what resources are needed to accomplish them.

Reporting/Monitoring: The Research and Development Program has ongoing responsibilities for keeping the 'customer' offices informed on the status of current research programs. The customer offices e.g. Rulemaking, Traffic Safety Programs, and Enforcement have a concomitant responsibility to provide feedback to R&D on this information. Also, the Office of Plans and Policies has a monitoring role for Agency activities. The monitoring process has been established to provide an objective, third party look at program implementation to see that it reflects the Administrator's decisions.

Reporting--R&D is now required to prepare multi-year project status reports for high priority projects and report progress and/or deviations from plan on a quarterly basis. These reports are monitored by the Plans and Policy Office and results are discussed with the Managing Director and Administrator. This action, in turn, generates a dialogue on critical research issues between the Research, Plans and Policy, Rulemaking, and Traffic Safety offices of the Agency.

Also, R&D must seek concurrence from program offices for research projects. Research efforts above $100,000 require the Administrator's approval. Also, R&D routinely provides briefings for the agency on its programs to seek comments on on-going research.

Monitoring Safety Plans--The plans discussed above in the planning discussion will be formally reviewed by Plans and Policy, working with appropriate program offices, once or twice a year and reports will be written documenting the progress that has been made, issues or delays that have developed, and if appropriate, recommendations for getting the programs back on course.

RECOMMENDATION 2: Implement an R&D Management Information System which can summarize the costs, history, current status and objectives of each project.

NHTSA Response:
During the past year, the Research and Development organization has been working to improve and upgrade its Management Information System.

The upgraded system has a history file which provides a summary of costs and project history; current status is available from the Budget Execution Plan; and the objectives of each project are available from the Office Data Base.

RECOMMENDATION 3: Pursue the establishment of an R&D Advisory Committee to coordinate research activities with industry.

NHTSA Response:
NHTSA supports this recommendation and has submitted a draft charter to OST for the establishment of a Motor Vehicle Safety Research Advisory Committee. The committee will consist of experts in the field of motor vehicle safety research. They will explore specific areas of research that are of interest to both NHTSA and the research community. The committee will provide technical advice on a variety of areas of motor vehicle safety research. This will be a strictly technical group (not for the establishment of policy) and by bringing together representatives of organizations actively engaged in research in motor vehicle safety, the members of the committee will be able to establish a forum for discussion of the best research options and status of current activities. This will allow for the avoidance of duplication of effort and save money for both government and industry.

RECOMMENDATION 4: Focus the efforts of VRTC more directly on supporting rulemaking and enforcement.

NHTSA Response:
Efforts to improve VRTC's effectiveness have been initiated over the last few years. As a result, the center has improved its productivity and become more goal oriented than in the past.

In the enforcement area, VRTC conducts compliance testing on an "as required" basis to manage the fluctuating defects investigation work load. All of the work is tailored to meet the specific needs of enforcement personnel.

VRTC conducts specific research projects at the request of any of the NHTSA R&D offices. In this role, it serves in a support function and conducts research for a designated technical manager in NHTSA headquarters. The work is conducted in an informal yet effective manner, allowing for responsible and cost effective work to be accomplished.

In addition to the research projects requested and funded by the R&D offices, VRTC also receives direct funding from the AA for R&D to conduct research in designated areas. Such projects include pedestrian research, some biomechanics activities, the dummy management program, and some crash avoidance programs.

VRTC also performs quick reaction testing for rulemaking on an "as required" basis, particularly in the areas of biomechanics and crash avoidance.

The products of VRTC are meeting the needs of the Enforcement, Rulemaking, and Research and Development organizations. Also, VRTC's research efforts are being made a part of many of the management review actions discussed above. Their research and work products are now part of the the budget and Managing Director's reviews, built into the Project Status Report activity, and will be included in the Agency's Priority Plan review.

EMERGENCY MEDICAL SERVICES

SENATOR LAUTENBERG: The request for EMS funding as part of highway safety decreased by $75,000 from $650,000 in Fiscal Year 1987. Why the decrease?

ANSWER: The Department's budget request for Fiscal Year 1988 is at the same level as the Administration requested in Fiscal Year 1987. However, for FY 1987, an additional $75 thousand in the O&R appropriation was specifically earmarked for EMS activities in Dade County, Florida.

SENATOR LAUTENBERG: Would NHTSA support the earmarking of the trauma funding ($10 million in fiscal year 1987) to address the EMS problems?

ANSWER: No. The program recommended by the National Academy of Sciences in its Report to Congress, Injury in America, is to develop a comprehensive interdisciplinary approach to trauma. This approach includes a focus on emergency medical services (acute care research) as well as epidemiology, biomechanics, prevention, and rehabilitation. In past years, 50 percent of the funds have been earmarked for vehicular related trauma research. We believe that this arrangement gives us adequate flexibility to ensure a fair distribution of funds among the areas.

SENATOR LAUTENBERG: How much of the Centers for Disease Control trauma money has been awarded for EMS research?

ANSWER: The following EMS related projects are expected to be funded:

Two projects are strictly EMS related:		
Critical Illness and Trauma Foundation	Rural Use of "Mast Pants"	$139,043
New York Medical College	EMS Systems Factors	$203,300
Three projects are closely related to EMS:		
San Francisco Veterans Medical Center	Secondary Injury Factors	$304,596
Southwest Center (Baylor)	Abbreviated Injury Scale/ Injury Severity Score for Penetrating Injuries	$122,400
American College of Surgeons (Washington Hospital Center)	Major Trauma Outcome Study	$250,000

In addition, EMS related work will be done by the Centers for Disease Control under the $2 million center grants, but these funds cannot be attributed specifically to EMS.

SEAT-BELT STUDY

SENATOR LAUTENBERG: In 1986 the NTSB issued a special safety study on the use of lap-only belts in rear seats of automobiles. Has NHTSA studied the lap-only belt issue?

ANSWER: The Agency has conducted several studies on lap-only belts over the past ten years.

SENATOR LAUTENBERG: What were the results?

ANSWER: All the Agency's studies indicate clearly the life saving performance of rear seat lap belts. The Agency studied accident data from the Restraint Systems Evaluation Project (RSEP) completed in 1976, from Maryland (1981-1984) and North Carolina (1979-1985) state accident data files, from the National Accident Sampling System (NASS) and its predecessor, the National Crash Severity Study (NCSS) 1977-1984, and from the Fatal Accident Reporting System (FARS) 1975-1985. These studies, based on representative data and on many more cases than were investigated by NTSB, show clearly that lap belts are effective in preventing death and reducing injuries to rear seat occupants.

In addition to NHTSA studies, other safety researchers have independently studied the safety performance of rear seat lap belts. At the February 1987 Society of Automotive Engineers Congress and Exposition, a session was conducted entitled, "Occupant Protection in Rear Seats." At this session, six different researchers presented results of their analysis into the effectiveness of rear seat lap belts in reducing injury and fatality. While the estimates of effectiveness varied, the unanimous conclusion was that rear seat lap belts are effective, compared to no restraint, in reducing injury.

SENATOR LAUTENBERG: Are additional regulations needed on the rear seat-belt issue? Will the Agency be proceeding on an advanced notice of proposed rulemaking? If so, when? What was the basis for the 1984 decision when a rulemaking petition on three point belts was denied?

ANSWER: The agency is planning to initiate rulemaking action on this issue this spring. We will examine the issues and available information in order to formulate the type of action to be taken. The petition from Kathleen Weber and John Melvin of the University of Michigan Highway Safety Research institute was based primarily on the argument that 3-point rear belts were preferable to tether anchorages for securing child restraints. Based on our review of the child restraint market at that time (1984) and our observation that conventional safety seats would be more difficult to install with three-point belts (as compared with two-point belts), we denied the petition. Since the petitioners had raised a secondary argument relating to benefits for adults riding in the rear seat, we also examined that issue before denying the petition. We noted that, based on the high effectiveness of lap-only belts, and the higher costs associated with three-point belts, we did not believe at that time that three-point belts should be required.

SENATOR LAUTENBERG: NHTSA has criticized (and been criticized about) the databases used for decisions regarding the rear seat-belt issue. Is NHTSA satisfied with the data available?

ANSWER: All available accident databases have limitations and must be used with care. No single database can provide definitive lap belt effectiveness estimates. However, the Agency's analyses of several databases, with complementary strengths, show clearly that rear seat belts are effective in saving lives and preventing injuries.

SENATOR LAUTENBERG: If not, what can be done to correct the database problem?

ANSWER: All available accident databases can be improved. We are constantly looking for ways to improve available databases. However, by and large, our current databases are of excellent quality and provide us with excellent information about the highway safety environment.

State accident files contain large numbers of cases but are limited to data collected by the police. Restraint use and occupant injury data can be improved if police will use common protocols and will apply them consistently. We are constantly working with State governments and networking with police organizations to improve the quality and compatability of police accident reporting.

Agency-sponsored national investigations, such as the National Accident Sampling System, contain accurate and representative data. The Fatal Accident Reporting System (FARS) is being improved by increasing quality control of the data coding and data entry by FARS analysts. This effort will include improved data entry procedures to reduce coding errors as well as analyst training to enhance consistency and accuracy. Clinical investigations, such as the NTSB study, contain extremely accurate and detailed data on a very small number of cases. While these data can suggest problem areas, their size and unrepresentativeness prevent them from being used for effectiveness estimates.

SENATOR LAUTENBERG: Is inaccuracy of police accident reports a problem?

ANSWER: Police accident reports can be inaccurate and, as all databases, must be used with care. Police accident report databases have been used by knowledgable analysts to yield accurate and reliable rear seat belt effectiveness estimates. They will be even more valuable if restraint use and occupant injury reporting can be improved in those States that currently do not place enough emphasis on completeness, accuracy and consistency.

SENATOR LAUTENBERG: Why does D.O.T. require its employees only to be "buckled-up" in the front seat? Will the requirement be extended to the rear seat?

ANSWER: The D.O.T. Order entitled Safety Belt Use, No. 3902.9A, dated May 11, 1986, requires all employees to properly wear available safety belts while riding in a motor vehicle on official Government business. Also, the driver of the vehicle must request all passengers to fasten their safety belts. This requirement extends to all vehicle seating positions, not just the front seat.

SEAT BELT - RESTRAINTS

SENATOR LAUTENBERG: How many States have mandatory seat belt laws?

ANSWER: Twenty-five States and the District of Columbia have safety belt use laws.

SENATOR LAUTENBERG: Which States, list dates of implementation?

ANSWER:

State	Effective Date of Law
California	1/01/86
Connecticut	1/01/86
Dist. of Columbia	12/12/85
Florida	7/01/86
Hawaii	12/16/85
Idaho	7/01/86
Illinois	7/01/85
Indiana	7/01/87
Iowa	7/01/86
Kansas	7/01/86
Louisiana	7/01/86
Maryland	7/01/86
Michigan	7/01/85
Minnesota	8/01/86
Missouri	9/28/85
New Jersey	3/01/85
New Mexico	1/01/86
New York	12/01/84
North Carolina	10/01/85
Ohio	5/06/86
Oklahoma	2/01/87
Tennessee	4/21/86

Texas	9/01/85
Utah	4/28/86
Virginia	1/01/88
Washington	6/11/86

NOTE: The effective dates given may be different than when penalties may be imposed under the law.

SENATOR LAUTENBERG: What percent of the population do these laws cover?

ANSWER: They cover 72.3% of the U.S. population.

SENATOR LAUTENBERG: Briefly describe the status of the insurance company lawsuit regarding FMVSS 208.

ANSWER: On July 11, 1984, Secretary Dole issued an amendment to Standard No. 208 pursuant to the remand directed by the Supreme Court in Motor Vehicle Manufacturers Ass'n v. State Farm. This final rule mandates the phased-in installation of passive restraints in new passenger cars beginning in the 1987 model year and reaching one hundred percent beginning on September 1, 1989. The rule also provided for rescission of this requirement if the Secretary should find, before April 1, 1989, that states covering two thirds of the population of the United States have adopted qualifying mandatory seat belt use laws.

Several parties, including insurance companies, public interest groups and the State of New York petitioned for review in the U.S. Court of Appeals for the District of Columbia Circuit. On September 18, 1986, the D.C. Circuit dismissed the petitions for review of the automatic rescission provision as not ripe for adjudication, the court finding that states covering two thirds of the population had not enacted qualifying mandatory use laws and that it did not appear likely that they would do so.

The State of New York also sought reversal of the Secretary's final rule because it did not require the installation of airbags only, it permitted compliance by means of detachable automatic belts, and alternatively, it did not require a combination of airbags and automatic belts. The Court of Appeals reached the merits of New York's petition and affirmed the final rule, finding that the Secretary gave sufficient reasons for not requiring the provisions advocated by New York. The State filed a petition for certiorari in the Supreme Court on December 17, 1986. The government filed its opposition to this petition on March 6, 1987. No other parties have joined New York's petition.
On March 30,1987, the Supreme Court denied certiorari, thus leaving the ruling by the Court of Appeals(which upheld DOT) intact.

SENATOR LAUTENBERG: What has NHTSA spent on passive belt education and air bag education in Fiscal Years 1984, 1985 and 1986, planned in Fiscal Year 1987 and budgeted for 1988?

ANSWER: The totals for FY 1984 through 1988 follow:

	(000) FY1984	(000) FY1985	(000) FY1986	(000) FY1987	(000) FY1988
R&D Studies -- Consumer responses to automatic protection	$ 98	$ 80	- *	$ 500	$ 275
Outreach Activities -- Integration in ongoing efforts and special projects	-	-	$ 500	$ 777	$ 500
Demonstration Program	$ 434	$ 340	$ 295	$ 210	$ 104
ROUNDED TOTALS	$ 530	$ 420	$ 800	$1,490	$ 880

* $94 thousand that was planned to be spent in fiscal year 1986 was not awarded until fiscal 1987.

SENATOR LAUTENBERG: Within two years 25 percent of the cars will have passive belts or air bags. What is the expected mix between the two?

ANSWER: Twenty-five percent of MY 1988 cars are required to be equipped with automatic protection systems. Most of these cars(over 90%) will be equipped with passive belts. However, the three major domestic manufacturers have announced major commitments to production of airbag-equipped cars by 1990. Production of airbag-equipped cars is expected to reach over two million cars by 1990.

SENATOR LAUTENBERG: How does NHTSA's budget reflect the introduction of these passive restraints?

ANSWER: The House Committee on Appropriations' report for the 1987 Department of Transportation Appropriation Bill "directs that not less than $1,000,000 shall be available only for the preparation and distribution of educational material on passive restraints to coincide with the FMVSS 208 requirement that auto manufacturers phase these systems into new car production begining in September 1, 1986." The Senate Committee on Appropriations "concur(s) with the House position that more funds should be spent on the preparation and distribution of educational materials on passive restraints. The Committee directs that not less than $1,000,000 be available for the Passive Education Program."

The Agency intends to spend $1,490,000 in fiscal 1987 for education on automatic crash protection. Agency activities for fiscal 1987 can be grouped into three major categories: 1) Public information and education programs, 2) consumer acceptance and attitudes on occupant protection, and 3) Air bag fleet demonstration programs.

For example, the Agency is working with groups such as the National Automobile Dealer's Association to get sufficient

educational materials and programs to the public to assure that much of the car buying and driving population becomes familiar with automatic safety belts and more aware of how air bags work. NHTSA is developing a film on automatic protection in addition to distributing brochures, curriculum materials, and case histories on air bag benefits from the demonstration programs.

SENATOR LAUTENBERG: All fifty States have child restraint laws. What is the usage rate for child restraints?

ANSWER: All 50 States plus the District of Columbia have child restraint laws. Child safety seat observed use has increased from 22.8 percent in 1981 to 75.8 percent in the last six months of 1986.

SENATOR LAUTENBERG: What is the current NHTSA strategy regarding correct child restraint usage?

ANSWER: Correct child restraint usage has always been the objective of NHTSA's efforts in this area. In every aspect of our occupant protection program, child passenger safety and the correct use of seats is appropriately integrated.

Program contracts are underway with organizations such as the American Nurses' Association, American Red Cross, National Council of Negro Women, and National Extension Homemaker's Council. These projects include minigrants, training, materials development, demonstrations on proper use of child safety seats, and public information.

Child passenger safety information is incorporated into public and private employer occupant protection programs, including the Federal Government program. Efforts include curriculum training, workshops, and public education materials.

NHTSA has developed and widely distributed an educational brochure titled "Child Safety In Your Automobile" which specifically highlights the correct use of child safety seats.

There have been improvements in the design and labeling of the car safety belt routing location requirements on more recently manufactured safety seats, as a means of increasing correct installation of the safety seat. Currently, manufacturers are no longer making child safety seats that require the use of a tether. Not using the tether, if one was required, was one of the most common misuses of child safety seats.

Great strides have been made in the States regarding comprehensive child passenger safety programs. These programs have included public information and education, loaner programs for low-income groups, enforcement, training, and statewide coordination, and evaluation.

Currently, an innovative minigrant program targeting 10 local law enforcement agencies is underway. It is designed to increase enforcement and awareness of child passenger safety issues, including misuse of child safety seats.

Further, NHTSA encourages States to continue to conduct State and local workshops on all child passenger safety issues. In the past, a major topic at these workshops has been misuse of child safety seats. The workshops are attended by loaner program, enforcement, hospital, and community program personnel. The problem with misuse of child safety seats can be decreased with continued training and extensive outreach programs.

SENATOR LAUTENBERG: How much of NHTSA's resources (people and dollars) is spent in this area?

ANSWER: NHTSA has a variety of dedicated programs and staff targeting child passenger safety. In FY '85, '86 and '87, eight percent of NHTSA's 402 funds have been designated for child passenger safety activities. This ongoing State effort consists of extensive public education and information, child safety seat loaner programs, statewide coordination, training, evaluation, enforcement, and incentive programs.

In FY '85, $9.351 and in FY '86, $8.918 million was obligated under the State and Community Highway Safety Program for child restraint systems. For FY '87, a total of $9,29i million is available for child restraint systems.

The agency estimates that $1.418 million of NHTSA's FY '87 403 resources are budgeted to improve child passenger safety. Of this amount, $541,000 are in behavioral programs designed to inform the public of the importance of using child safety seats correctly and to teach users how to properly install and use their child safety seats. For example, an innovative mini-grant program targeting ten local law enforcement agencies is underway to increase enforcement and awareness of child passenger safety issues. These programs are carried out primarily through grants and contracts to States and national organizations representing a variety of groups such as medical/health, education, and trade.

Another $275,000 is being spent on research. For example, one project is designed to measure current rates of correct/incorrect use of child safety seats among young children and use/non-use of safety belts among persons 5-15 years of age.

A total of $602,000 is being spent to evaluate the safety performance of the child safety seats themselves, and to analyze available crash databases to determine the feasibility of obtaining real world data on child safety seat performance in crashes.

Well over 100 professional NHTSA employees are directly involved in some aspect of child passenger safety. This number is based on the Office of Occupant Protection, NHTSA Regional Offices, Plans and Policy, Rulemaking, Enforcement (including the Auto Safety Hotline), Research and Development, and Public and Consumer Affairs staff. While few of these staff are devoted solely to child safety seat activities, they are regularly involved in the various research, regulatory and informational activities related to the overall child safety objective.

SENATOR LAUTENBERG: What is NHTSA and the industry doing regarding public education on retrofitting with the three-point restraint system?

ANSWER: NHTSA urges consumers, as part of all education activities, to use whatever occupant protection system is available to them. The Agency stresses that numerous studies have confirmed the effectiveness of lap-only belts in reducing the risk of death or serious injury to rear seat occupants while noting that lap/shoulder belts provide an improved level of protection compared with lap-only belt use. Furthermore, the Agency's Auto Safety Hotline provides for responding to consumer inquiries about retrofitting and the major auto manufacturers have been requested, by NHTSA, to designate a contact(s) for responding to consumer questions.

Several domestic and foreign manufacturers offer, or have announced intentions to offer, rear seat lap/shoulder belts as standard equipment in new cars. Also, NHTSA has long had a requirement for rear seat lap/shoulder belt anchorage points in new cars, which makes retrofitting possible and some manufacturers have announced that retrofit kits are available. General Motors is an example of a major manufacturer that has notified it's dealers of retrofit kit availability.

SENATOR LAUTENBERG: What are the citation rates on a state-by-state basis for child restraints versus adult restraints?

ANSWER: There is currently no standardized mechanism in place to report detailed citation data on safety belts or child passenger safety violations from all law enforcement agencies. NHTSA has initiated, on a voluntary basis, a uniform traffic reporting system similar to the Uniform Crime Report. At this time, it is being pilot tested and cannot provide the data requested. In the meantime, we have estimates on citations from several States that have both safety belt and child restraint laws in effect. The following examples are based on State police data with other data sources noted:

State	Population	S.B. Fine in Effect	S.B Citations	C.R Effect	C.R. Citations	Time Period
NY[1]	17.8M	1/01/85	100,000	4/82	8,436	1986
MD	4.4M	7/01/86	8,527	1/84	1,800	7-12/86
DC[2]	.6M	6/12/86	4,717	7/83	220	7-12/86
MI	9.0M	7/01/85	27,265	4/82	1,056	1986
IL	11.6M	7/01/85	2,278	7/83	2,500	7-12/86
NM[3]	1.5M	1/01/86	7,087	6/83	852	1986
TX[4]	16.4M	12/01/85	155,076	10/84	5,000	1986

Data Source Notes:

1. NY data from all police departments.
2. DC data from the police department.
3. NM from State police and 34 police departments.
4. TX from State police and 11 cities.

SENATOR LAUTENBERG: What is the status of the Elmira, New York, insurance industry demonstration program on child passenger safety?

ANSWER: The insurance industry demonstration program in Elmira, New York was a safety belt program that was conducted in late 1985 and 1986.

The safety belt use rate after the initial three week program in October 1985 was 77 percent, an increase from 49 percent before the program began. Belt use was 66 percent two months later.

In April 1986, the program was reinstituted briefly and safety belt use rose to 80 percent.

In January 1987, safety belt use is reported to be 63 percent.

SENATOR LAUTENBERG: What is the usage experience for those States that have passed belt laws, before enactment of the law, immediately after enactment, and post-enactment (on a State-by-State breakdown)?

ANSWER:

	Pre-Law	After Enactment	Most Recent Survey and Date	
California	18.4%	25.8%	45.9%	11/86
Connecticut	-	25.0%	49.2%	2/87
D.C.	-	30.0%	55.0%	12/86
Florida	28.1%	40.8%	60.5%	1/87
Hawaii	-	33.1%	72.6%	12/86
Idaho	-	15.6%	-	
Illinois	-	15.9%	36.3%	10/86
Indiana	-	8.5%	-	
Iowa	18.0%	27.4%	46.0%	9/86
Kansas	10.7%	23.2%	-	
Louisiana	-	12.0%	-	
Maryland	-	28.0%	73.5%	12/86
Michigan	19.8%	25.8%	43.6%	12/86
Minnesota	19.0%	20.0%	32.0%	11/86
Missouri	9.9%	12.2%	34.4%	8/86
New Jersey	-	18.2	40.0%	7/85
New Mexico	12.4%	25.0%	53.0%	3/86
New York	-	15.9%	53.0%	1/87
N. Carolina	-	24.7%	78.0%	1/87
Ohio	16.0%	28.0%	43.3%	11/86
Oklahoma	-	15.7%	-	
Tennessee	-	-	-	
Texas	13.3%	-	59.2%	1/87
Utah	-	17.7%	-	
Virginia	-	-	-	
Washington	-	-	36.0%	10/86

NOTE: The above data was collected and reported by the respective States. NHTSA has not independently verified the results.

SENATOR LAUTENBERG: How many States have rescinded their seat belt laws?

ANSWER: Two States, Massachusetts and Nebraska, have rescinded their laws.

SECTION 402 SAFETY GRANTS

SENATOR LAUTENBERG: Provide for the record a breakdown of the obligations for the six areas for Fiscal Years 1982 through 1986.

ANSWER: A breakdown of the obligations for the six areas for the National Priority Program follows:

In Thousands of Dollars

Program Area	FY 1982	FY 1983	FY 1984	FY 1985	FY 1986
Alcohol Countermeasures	28,583.9	40,037.8	38,578.9	43,821.5	36,919.3
Occupant Protection	3,714.6	6,703.5	8,824.9	15,805.0	18,512.0
Police Traffic Svcs	42,456.1	33,898.6	30,935.6	34,273.1	32,810.7
Emergency Medical Services	5,438.9	4,964.8	4,466.8	5,332.6	5,315.2
Traffic Records	7,347.9	6,149.5	6,202.7	14,769.7	16,305.0
Safety Construction and Operational Improvements	9,669.0	9,669.3	9,702.0	9,900.0	9,426.9

SENATOR LAUTENBERG: Why was it necessary to seek legislation to initiate a rulemaking to determine the most effective traffic safety programs under the 402 program?

ANSWER: The Omnibus Budget Reconciliation Act of 1981 gave us one-time authority to conduct an effectiveness rulemaking action. We desire that authority on an ongoing basis; hence, we included it in our legislative proposal.

SENATOR LAUTENBERG: Couldn't NHTSA initiate a rulemaking without legislation?

ANSWER: Although we were preparing a plan for the review of program effectiveness, we did not believe that the 1981 act gave us clear authority to conduct a comprehensive review or to use that review as a basis for targeting funds under Section 402. We proposed the amendment to make it clear that the review of program effectiveness was to be a recurrent feature of the highway safety program.

SENATOR LAUTENBERG: Starting in Fiscal Year 1987 are there legislative set-asides, earmarks or draw downs that affect the 402 program?

ANSWER: With the enactment of the Highway Bill, Highway Safety Act of 1987 (Title II of H.R. 2), $20 million is set aside for the maximum speed limit under 23 U.S.C. 154 and 2 percent of the 402 authorization is set aside for safety belt encouragement. An additional set-aside of 8 percent for child safety seat programs is provided for FY 1987, but not for later years.

Also, in accordance with the Commercial Motor Vehicle Safety Act of 1986, $3 million of 402 funds is set aside for supplemental grants to develop a testing program for commercial vehicle operators, for each of fiscal years 1987 and 1988; and an additional $2 million is set-aside for a commercial drivers' license information system, for each of fiscal years 1987, 1988, and 1989.

SENATOR LAUTENBERG: What has NHTSA done or plans to do to implement the task force recommendations found on pages 32 and 33 of the Safety Review Task Force Report on NHTSA dated January 1987?

ANSWER: The recently enacted Highway Safety Act of 1987 provides for a periodic reexamination of the initial 402 rule which determined which programs are most effective. The first such formal review under this provision would begin September 1, 1987.

For appropriate evaluation measures, we have developed a concise list for our 402 program. These measures range from the number of items being purchased or paid for (e.g., persons trained, materials developed, equipment bought) to efficiency measures such as alcohol-related arrests per enforcement unit.

Regarding a system for identifying model projects continued after 402 funding has ended, we have procedures in place. However, they could be more specific. Accordingly, we will revise our reporting policy to emphasize this requirement, with a planned issue date of June 1, 1987.

For projects that receive 402 funding for unusually long periods of time, we will revise our policy on monitoring and review of State safety projects and programs to include this monitoring function. Planned issue date is June 1, 1987.

CORPORATE AVERAGE FUEL ECONOMY (CAFE)

SENATOR LAUTENBERG: What is the rationale for this proposal?

ANSWER: The fuel economy standards required by this law have now put U.S. manufacturers at a competitive disadvantage with foreign importers and threaten thousands of American jobs. This is due largely to the "double bookkeeping" requirement of the CAFE statute which requires manufacturers to meet fuel economy standards for both their domestic and import fleets. Continuing the CAFE requirements will encourage U.S. manufacturers to build large cars overseas, or outsource over 25 percent of the parts, which would transfer those vehicles into the import fleet. It also gives foreign importers a growing competitive advantage in the large car segment of the market and reduces the range of American-built cars available to consumers. None of these transfers has any effect on national energy consumption, however.

Furthermore, CAFE standards are not the best way to promote energy conservation. Market forces now have a greater influence on energy consumption since the price of oil is decontrolled and now reflects its value with respect to other commodities. Retention of fuel economy labels and the "gas guzzler" tax will assist consumers in recognizing and comparing vehicles with good fuel efficiency. In addition, the agency does not expect the CAFE of the overall fleet to decline because of the significant investment manufacturers have made in tooling new models with fuel efficient technology. Finally, the strategic petroleum reserve can provide short term relief from any temporary petroleum supply disruptions.

SENATOR LAUTENBERG: What is the latest data regarding the amount of oil that is imported by the United States? How does this compare with calendar year 1985? (In millions of barrels total and per day)

ANSWER: Net imports of petroleum products in 1986 were 1,930 million barrels for an average of 5.289 million barrels per day or 32.8 percent of the petroleum products supplied. In 1985 the net imports of petroleum products were 1,564 million barrels for an average of 4.286 million barrels per day or 27.3 percent of the petroleum products supplied.

SENATOR LAUTENBERG: How much of the imported oil goes for gasoline and diesel fuel to power automobiles, trucks and buses?

ANSWER: In 1985, 50.3 percent of petroleum usage was for highway gasoline and diesel fuels. Assuming that imported petroleum products are used in the same proportion, 2.156 million barrels per day of imported oil was used in 1985 for highway vehicles.

SENATOR LAUTENBERG: What is the amount of credits and penalties that major automobile manufacturers have realized for fleet years 1982 through 1987? (By year, by manufacturer, and by type of vehicle)

ANSWER; For the major manufacturers of passenger automobiles and light trucks, the following tables list the dollar value representing the manufacturer's fleet exceeding (called excess in the tables) or not achieving (shortfall in the tables) the Corporate Average Fuel Economy (CAFE) requirement for the indicated model year (MY). The MY 1982 through 1985 CAFE values have been calculated by EPA and, for passenger automobiles, include corrections for test procedure changes and test fuel properties, reference 49 CFR 27172, July 1, 1985. Similar corrections for light trucks have not been made final by EPA because adjustment factors have not been determined for any MY.

The excess or shortfall for a given model year is calculated using the formula:

E or S = (CAFE standard mpg - fleet mpg) x 10 x prod vol x $5.

The 1986 and 1987 fleet mpg values were taken from manufacturers' estimates and used to compute the projected excess and shortfall. However, many passenger car fleets did not include the EPA corrections noted above in mpg estimates. These fleets are identified (***) in the Auto CAFE table.

It should also be noted that while a separate fuel economy standard is set for each model year, the Cost Savings Act does not require absolute achievement of the standard within each year. Instead, it allows a shortfall in one year to be offset if a manufacturer exceeds the standard for another year or years. Under the Act, as amended by the Automobile Fuel Efficiency Act of 1980, manufacturers earn credits for exceeding average fuel economy standards which may be carried back for three model years or carried forward for three model years. Thus, a shortfall in a particular model year does not mean that a penalty will necessarily be realized.

Fuel Economy Summary for Major Automobile Manufacturers

NOTE: Calculation is for MY ONLY; no 3 yr carryforward or carryback

Excess/(Shortfall)=[CAFE std - fleet mpg from EPA] x 10 x sales x $5

Auto CAFEs	24.0	26.0	27.0	27.5
Domestic	MY 1982	MY 1983	MY 1984	MY 1985
AMC*	$856,290	($2,362,300)	none	none
Chrysler	$109,653,120	$33,648,660	$39,575,000	$17,041,845
Ford	$68,685,000	($109,422,880)	($123,739,380)	($92,745,675)
GM	$102,069,180	($350,399,700)	($508,705,995)	($385,798,085)
Import	MY 1982	MY 1983	MY 1984	MY 1985
AMSC*	$16,489,030	$78,584,240	$83,850,860	$39,486,440
BMW	$5,486,945	$498,140	$4,813,000	($4,730,605)
Chrysler	$44,845,440	$35,700,850	$39,949,530	$37,866,315
Ford	$388,585	$360,500	$457,090	($1,503,625)
GM	none	none	none	$83,971,895
Honda	$175,035,465	$200,872,000	$212,506,800	$189,655,200
Jaguar	($2,260,250)	($4,297,260)	($5,958,020)	($8,799,010)
Mazda	$52,940,660	$26,911,000	$30,618,360	$30,872,380
Merc-Benz	$8,215,870	$4,264,260	($3,115,280)	($17,989,530)
Mitsubishi	none	$8,460,720	$8,866,040	$13,146,980
Nissan	$173,701,800	$186,319,790	$138,607,700	$68,364,140
Peugeot	$2,537,400	($235,940)	($1,930,100)	($2,397,405)
SAAB	$519,720	$698,190	($1,650,550)	($2,192,190)
Subaru	$62,605,600	$32,210,500	$32,905,215	$27,873,030
Toyota	$187,105,920	$199,727,635	$175,486,675	$171,293,400
Volvo	$3,901,900	$2,089,075	$0	$1,496,280
VW	$104,320,730	$34,756,500	$28,486,500	$38,614,650

AMSC has revised dom & imp auto fleet counts & est. mpgs, MY 1983-5

Fuel Economy Summary for Major Automobile Manufacturers

ALL LT TRK CAFEs PENDING FINAL ADJUSTMENT BY EPA, 50 FR 27188, 7/1/85

NOTE: Calculation is for MY ONLY; no 3 yr carryforward or carryback

Excess/(Shortfall)=[CAFE std - fleet mpg from EPA] x 10 x sales x $5

Lt Trk mfgrs may choose to meet separate 2wd & 4wd stds or comb std

CAFE std	18.0	19.5	20.3	19.7
Dom LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985
AMC*	$3,124,455	$2,334,885	none	$1,045,000
Ford	see 2+4 comb	$5,805,360	($40,662,115)	($6,199,730)
GM*	$101,470,440	$30,368,150	($15,471,280)	$18,354,260

CAFE std	16.0	17.5	18.5	18.9
Dom LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985
AMC*	$16,517,340	$9,107,460	$13,385,440	$12,810,000
Ford	see 2+4 comb	($2,231,595)	($1,664,180)	($1,565,915)
GM*	$13,797,600	$35,654,250	$23,552,900	$25,111,920

CAFE std	17.5	19.0	20.0	19.5
Dom LT 2+4	MY 1982	MY 1983	MY 1984	MY 1985
Chrysler	$10,586,760	($13,040,580)	($30,435,680)	($10,284,440)
Ford	($9,723,520)	see 2wd & 4wd	see 2wd & 4wd	see 2wd & 4wd

* MY 1985 results based on manufacturers mid model year reports

Fuel Economy Summary for Major Automobile Manufacturers

Light Trucks (continued)

CAFE std	18.0	19.5	20.3	19.7
Imp LT 2wd	MY 1982	MY 1983	MY 1984	MY 1985
Chrysler	$11,743,160	$8,198,400	$13,162,440	$19,796,745
Ford	$12,034,790	$132,240	$424,840	$53,550
Isuzu*	$12,568,100	$12,156,480	$22,311,995	$16,215,000
Mazda	$20,088,560	$36,189,330	$77,334,270	none
Mitsubishi	none	$2,866,760	$3,304,800	$10,232,330
Nissan	$55,441,680	$34,914,000	$52,934,700	$50,350,360
Toyota	$43,845,850	$35,641,340	$55,714,880	$97,202,545
VW	$14,333,970	$984,010	$423,480	$1,527,920

CAFE std	16.0	17.5	18.5	18.9
Imp LT 4wd	MY 1982	MY 1983	MY 1984	MY 1985
Chrysler	$4,897,500	$3,297,280	$4,080,970	$3,976,605
Isuzu*	$1,748,030	$1,824,075	$3,862,290	$3,660,000
Mitsubishi	none	$1,234,240	$1,222,470	$1,165,300
Nissan	$12,770,055	$8,015,475	$11,283,525	$10,368,695
Subaru	$62,605,600	$25,961,250	$28,847,620	$31,646,400
Suzuki	$1,324,765	$1,683,500	$2,535,860	$2,826,450
Toyota	$19,691,430	$15,555,050	$18,184,935	$31,000,250

* MY 1985 results based on manufacturers mid model year reports (see left column)

GRAY MARKET VEHICLES

SENATOR LAUTENBERG: A recent GAO report said that the program now operated by NHTSA and EPA lacks sufficient controls to ensure that imported vehicles meet U.S. safety and emission standards. What has NHTSA done in response to this report?

ANSWER: We disagree that the program lacks sufficient controls, while agreeing that a better program is desirable. Our review of the GAO report and our inspection of vehicles released by the agency revealed few safety problems and generally only technical violations of the standards. However our assessment of our program leads us to believe a better program can be designed, and we are now studying our authority to modify the program. We will undertake a modification of our program under existing authority and seek new authority if necessary.

In the interim, we have improved our current program. We initiated a survey program and test program cited by GAO to evaluate the general process. Compliance analysts were advised to scrutinize the reports for every detail, which resulted in a 300 percent increase in the penalty rate. A quality control program involving a double review of compliance documentation packages was initiated. Penalty recommendations to Customs were substantially increased and field inspections were implemented. We also began keeping track of modifiers and providing more review of documentation supplied by modifiers with poor records of performance.

SENATOR LAUTENBERG: Does NHTSA inspect retrofit firms for certification?

ANSWER: No, our program does not include certification and inspection of facilities. We do not have the statutory authority to certify or register firms. We have from time to time inspected vehicles that they modify to ensure that they comply.

SENATOR LAUTENBERG: Is follow-up recertification performed?

ANSWER: No, we do not have authority for certification.

SENATOR LAUTENBERG: How many on-site inspections by region of retrofit shops were performed in Fiscal Years 1984, 1985, 1986?

ANSWER: We did not conduct inspections of retrofit shops per se. Detailed records of vehicle inspections were not maintained prior to May of 1986. Since that time over 250 vehicles have been inspected, some of which were at 119 modifiers shops. These spot checks also serve as a form of general deterrence for the general population of imported car modifiers.

SENATOR LAUTENBERG: Were these all conducted by regional staff?

ANSWER: Approximately 200 of the inspections were made by the regional staff.

SENATOR LAUTENBERG: Update the data on gray market found on pages 495 and 496 of the Senate Hearings Report, 99-721, Part 1.

ANSWER: The requested tables follow:

Fiscal Year	Contract Funding	Office of Vehicle Safety Compliance Personnel	Contractor Personnel
1981	$ 90,000	8	0
1982	$ 144,000	8	5
1983	$ 335,000	8	10
1984	$ 655,000	8	15
1985	$1,100,000	10 1/	24
1986	$1,400,000	10	20
1987	$1,100,000	9	17

1/This does not count 10 engineers on temporary assignment.

Fiscal Year	Number of Vehicles Imported
1980	2,400
1981	2,697
1982	4,024
1983	16,097
1984	30,850
1985	60,374
1986	37,095
1987	15,000 (Estimated)

AGE TWENTY-ONE

SENATOR LAUTENBERG: Update the table of minimum drinking age found on page 474 of Senate Hearings Report 99-721, part 1.

ANSWER: The updated table on minimum drinking age laws is as follows:

STATE	ENACTED YEAR	ALL ALCOHOLIC BEVERAGES	DISTILLED SPIRIT	WINE	BEER
AL	85	21			
AK	85	21			
AZ	85	21			
AR	35	21			
CA	33	21			
CO	45		21	21	18 (3.2)
CT	85	21			
DE	84	21			
DC	86	21			
FL	85	21			
GA	35	21			
HA	86	21			
ID	87	21*			
IL	80	21			
IN	34	21			
IA	86	21			
KS	85	21			
KT	38	21			
LA	86	21			
ME	85	21			
MD	82	21			
MA	84	21			
MI	78	21			
MN	86	21			

STATE	ENACTED YEAR	ALL ALCOHOLIC BEVERAGES	DISTILLED SPIRIT	WINE	BEER
MS	85	21			
MO	45	21			
MT	87	21*			
NE	85	21			
NV	35	21			
NH	35	21			
NJ	83	21			
NM	34	21			
NY	85	21			
NC	85	21			
ND	36	21			
OH	82		21	21	19
OK	83	21			
OR	33	21			
PA	35	21			
PR	69	18			
RI	84	21			
SC	85	21			
SD	87	21**			
TN	84	21**			
TX	85	21			
UT	35	21			
VT	86	21			
VA	85	21			
WA	34	21			
WV	86	21			
WI	86	21			
WY	73		19	19	19

NOTES: * The recently enacted legislation in Idaho and Montana has not been reviewed by NHTSA for conformance with the Federal law.

** South Dakota is subject to having funds held in reserve until the effective date of their legislation, April 1, 1988, brings them into compliance. Tennessee is subject to a similar holding of funds in reserve until the effective date of the legislation removing the military exemption. Such legislation is currently before the Governor for his signature.

SENATOR LAUTENBERG: What States risk the penalty provisions regarding the minimum drinking age?

ANSWER: At the beginning of the 1987 legislation session, seven States (and Puerto Rico) risked the penalty provision of 23 USC 158. South Dakota and Montana have since enacted 21 MDA legislation. The South Dakota law will conform with the Federal law by April 1, 1988. Any funds withheld will be made available at that time. The Montana law has not yet been provided to NHTSA for review of its conformance with the Federal law.

Two additional States, Tennessee, and Idaho, currently have 21 MDA legislation through both houses and to their Governor for signing. NHTSA has not yet had the opportunity to review the bills

from either State. If it is determined that these bills conform with the Federal law, any funds withheld will be made available on the day following the date of such conformance, provided that such funds have not lapsed.

Wyoming, Ohio and Puerto Rico appear to pose the greatest risk of the penalty provisions of the Federal law. In Wyoming, the legislature has adjourned without passing 21 MDA legislation. In Ohio, a bill was introduced in February, but shows little movement at this time. In Puerto Rico, no 21 MDA legislation has been introduced.

ENFORCEMENT OF SAFETY STANDARDS

SENATOR LAUTENBERG: Ms. Steed, as you know, the law requires the head of a Federal agency to submit a written statement on actions taken on GAO recommendations with the agency's first request for appropriations made more than 60 days after the date of the report. The GAO on December 15, 1986, issued a report on NHTSA's Enforcement of Safety Standards. At this time has NHTSA addressed the recommendations made in that report, or will they be addressed in fiscal year 1988?

ANSWER: All of the GAO report recommendations that we have accepted have been addressed in our current program for FY 1987.

SENATOR LAUTENBERG: Briefly describe what the agency is doing about: Ensuring that all testable safety standards are selected for testing over a period of time;

ANSWER: Every effort will be made to ensure that the maximum number of testable safety standards will be included in each fiscal year's compliance test program and to ensure that most of the testable safety standards are selected for compliance testing over a 5 year period. It should be noted that FMVSS Nos. 110, 111, 217 and 302 have been included in the FY87 compliance testing program. These standards have not been tested for some time. We will also perform inspections each year, beginning in FY1987, for the 10 safety standards for which compliance can be assessed by inspection.

In addition, selected vehicle and equipment manufacturers will be requested to submit certification information for some standards which are not included in any year's test program. The submitted data will be reviewed and evaluated by compliance engineers, and any problem areas will be noted for future test program scheduling, or for enforcement action.

SENATOR LAUTENBERG: Briefly describe what the agency is doing about: Developing milestones and procedures for processing and monitoring investigation and civil penalty cases;

ANSWER: General procedures for processing investigation cases and monitoring case progress are being developed. We expect to complete this effort by January 1988.

The processing of investigation cases by the Chief Counsel's office for consideration of civil penalty assessment action does not lend itself to a set of rigid guidelines with specific procedures and progress milestones. No action is planned.

SENATOR LAUTENBERG: Briefly describe what the agency is doing about: Developing guidelines for the Office of Vehicle Safety Compliance to use in determining which investigation cases should be forwarded to the Chief Counsel's office for civil penalty assessments.

ANSWER: Decisions on which noncompliance cases warrant civil penalty assessment involve complex judgments, and do not lend themselves to rigid, written criteria. If we had frequently recurring examples of noncompliance that were similar to one another, or if fact patterns in noncompliance cases recurred in subsequent cases, a set of guidelines might be meaningful to assist the staff in recognizing a precedent set by a civil penalty assessed in a prior case. However, our standards noncompliance cases are not so repetitive. Even if the same standard has not been complied with in two cases, the facts will be so different between the two cases that the civil penalty decision may well differ. Indeed, the variety of fact patterns in noncompliance cases is likely to increase substantially as we implement another of GAO's recommendations that we rotate which standards we test more frequently. Thus, the utility of a set of guidelines based on our prior precedents would not be high, as they would not be applicable to cases of first impression. We believe that our present informal coordination system works well.

SENATOR LAUTENBERG: What standards were tested in fiscal year 1986, 1987 and planned for 1988?

How many tests for each standard?

ANSWER: The requested table follows.

FMVSS	TITLE	TYPE OF VALIDATION	FY-86 TESTS	FY-87 TESTS	FY-88 TESTS
101	CONTROLS & DISPLAYS	Inspection(1)			
102	TRANSM. SHIFT SEQ.	Inspection(2)			
103	W/S DEFROST/DEFOG	Test(1)	15	0	0
104	W/S WIPE/WASH	Test(2)	18	0	0
105	HYD. BRAKE SYSTEM	Test(3)	34	24	24
106	BRAKE HOSES	Test(4)	20	40	40
107	REFLECT. SURFACES	Inspection(3)			
108	LAMPS, ETC.	Test(5)	550	276	276
109	PC NEW TIRES	Test(6)	610	300	300
110	PC TIRE SELECTION	Test(7)	0	10	10
111	REARVIEW MIRRORS	Test(8)	0	10	10
112	H/LAMP CONCEALMT.	Inspection(4)			
113	HOOD LATCH SYS.	Inspection(5)			
114	PC THEFT PROTECT.	Inspection(6)			
115	VEH. IDENTIF. NO.	Inspection(7)			
116	BRAKE FLUIDS	Test(9)	26	24	24
117	PC RETREAD TIRES	Test(10)	0	0	100
118	POWER WINDOWS	Test(11)	0	0	5
119	OTHER NEW TIRES	Test(12)	200	100	100
120	OTHER TIRE SELECT.	Test(13)	0	0	5
121	AIR BRAKE SYSTEMS	Test(14)	0	0	0
122	MC BRAKE SYSTEMS	Test(15)	0	0	0
123	MC CONTROLS	Inspection(8)			
124	ACCEL. CONTROLS	Test(16)	16	0	5
125	WARNING DEVICES	Test(17)	0	0	0
126	TRK-CAMPER LOADING	Test(18)	0	0	0

201	OCC.PROT.INT.IMP.	Test(19)	0	0	0
202	PC HEAD RESTRAINTS	Test(20)	0	0	5
203	DR.IMP.PROTEC.-S/C	Test(21)	0	10	10
204	S/C RRWD.DISPLAC.	Test(22)	10	5	0
205	GLAZING MATERIALS	Inspection(9)			
206	DOOR LOCKS/HINGES	Test(23)	16	32	32
207	SEATING SYSTEMS	Test(24)	8	0	0
208	OCC.CRASH PROTECT.	Test(25)	0	12	15
209	SEAT BELT ASSYS.	Test(26)	20	34	34
210	SEAT BELT ANCHORS	Test(27)	15	10	10
211	WHEEL NUTS, ETC.	Inspection(10)			
212	W/SHLD. MOUNTING	Test(28)	10	12	15
213	CHILD SEATING SYS.	Test(29)	20	25	25
214	SIDE DOOR STRENGTH	Test(30)	0	10	5
216	PC ROOF CRUSH	Test(31)	13	0	0
217	BUS WDO. RETENTION	Test(32)	0	12	10
218	MC HELMETS	Test(33)	30	0	0
219	W/S ZONE INTRUSION	Test(34)	0	12	15
220	SB ROLLOVER PROTEC.	Test(35)	0	0	0
221	SB JOINT STRENGTH	Test(36)	2	2	2
222	SB PASS. SEATING	Test(37)	3	3	1
301	FUEL SYSTEM INTEG.	Test(38)	28	26	30
302	FLAMM.OF INT.MATLS.	Test(39)	0	10	10
		STDS. TESTED	21	23	26

SENATOR LAUTENBERG: What vehicles and equipment items are scheduled for testing in 1987 and which areas were tested in 1986?

ANSWER: The following vehicles are scheduled for testing in 1987.

YEAR/MAKE/MODEL/BODY STYLE	FMVSS TESTING
1987 Buick LeSabre 2-dr. coupe	105, 110, 111, 301 Rear
1987 Buick LeSabre 2-dr. coupe	208, 212, 219, 301 Frontal
1987 Oldsmobile Calais 2-dr. coupe	111, 208, 212, 219, 301 Frontal
1987 Pontiac LeMans 2-dr. hatchback	301 Rear
1987 Pontiac LeMans 2-dr. hatchback	105, 204
1987 Mercury Lynx 4-dr. hatchback	208, 212, 219, 301 Frontal
1987 Ford Tempo 4-dr. sedan	208, 212, 219, 301 Frontal
1987 Mercury Cougar 2-dr. coupe	105, 110, 111, 301 Rear
1987 Dodge Daytona 2-dr. coupe	111, 208, 212, 219, 301 Frontal
1987 Dodge Shadow 4-dr. sedan	105, 110, 214
1987 Plymouth Sundance 4-dr. sedan	301 Rear
1987 Plymouth Sundance 4-dr. sedan	105, 110, 204
1987 Plymouth Sundance 4-dr. sedan	210
1987 AMC Alliance 2-dr. sedan	208, 212, 219, 301 Frontal
1987 Hyundai Excel 2-dr. hatchback	208, 212, 219, 301 Frontal
1987 Hyundai Excel 2-dr. hatchback	214
1987 Yugo GV 2-dr. hatchback	111, 208, 212, 219, 301 Frontal
1987 Yugo GV 2-dr. hatchback	105, 110, 214
1987 AMC Jeep Wrangler MPV	105, 301 Rear
1987 Dodge Dakota pickup truck	105, 301 Rear
1987 Dodge Dakota pickup truck	210
1987 Ford F-150 pickup truck	105, 204
1987 Ford F-150 pickup truck	210
1987 Dodge Raider MPV	105, 204
1987 Ford Bronco II MPV	105, 210
1987 Nissan Pathfinder MPV	105, 301 Rear
1987 Nissan Van MPV	105, 301 Rear

1987 Nissan Pathfinder MPV	210
1987 Dodge Raider MPV	301 Rear
1987 Suzuki Samurai MPV	210
1987 Wayne Lifestar 40 Pass.Sch.Bus	221, 222
1987 Carpenter 65 Pass. School Bus	105, 221, 222
1987 Bud Van 16 Pass. School Bus	105, 222
1987 Toyota Camry 4-dr. wagon	214
1987 Toyota Camry 4-dr. wagon	105, 301 Rear
1987 Toyota Corolla FX 2dr. hatchback	105, 301 Rear
1987 Toyota Corolla FX 2dr. hatchback	210
1987 Nissan Stanza Wagon	214
1987 Nissan Sentra 2-dr. hatchback	204
1987 Nissan Sentra 2-dr. hatchback	210
1987 Honda Accord 2-dr. hatchback	208, 212, 219, 301 Frontal
1987 Mazda 626 4-dr. sedan	111, 208, 212, 219, 301 Frontal
1987 Mazda 323 4-dr. wagon	105, 110, 214
1987 Mazda RX-7 2-dr. coupe	105, 301 Rear
1987 Subaru XT 2-dr. coupe	111, 208, 212, 219, 301 Frontal
1987 Subaru Justy 2-dr. hatchback	105, 110, 214
1987 Mitsubishi Precis 2-dr. hatchback	111, 301 Rear
1987 Mitsubishi Mirage 4-dr. sedan	105, 110, 210
1987 Isuzu Impulse 2-dr. coupe	214
1987 Volkswagen Golf 4-dr. hatchback	208, 212, 219, 301 Frontal
1987 Volkswagen Fox 2-dr. hatchback	105, 110, 214
1987 Audi 5000 4-dr. sedan	111, 301 Rear
1988 Chevrolet Beretta 2-dr. coupe	111, 210
1988 Chevrolet Corsica 4-dr. sedan	105, 110, 214

The following equipment items are scheduled for testing in 1987.

Number Of Equipment Items	FMVSS Testing
700 Brake Hoses	106
600 Passenger Car Tires	109
24 Cans Of Hydraulic Brake Fluid	116
130 Truck and Bus Tires	119
288 Door Locks and Hinges	206
544 Seat Belt Assemblies	209
100 Child Seating Systems	213
240 Interior Material Specimens	302

The following vehicles were tested in 1986.

Year/Make/Model/Body Style	FMVSS Testing
1985 AMC Alliance 2-dr. convertible	301 Rear
1985 AMC Encore 2-dr. hatchback	210, 216
1986 Dodge B300 Van	105, 124, 210
1985 Dodge Lancer 4-dr. sedan	301 Rear
1985 Dodge Lancer 4-dr. sedan	104, 204
1985 Dodge Omni 4-dr. hatchback	210, 216
1985 Plymouth Caravelle 4-dr. sedan	105, 207, 216
1985 Lincoln Mark VII 2-dr. coupe	210, 216
1985 Mercury Grd Marquis 2-dr.sedan	207, 216
1985 Mercury Merkur 2-dr. coupe	104, 105, 204
1986 Ford Aerostar Van	105, 124, 301 Rear
1986 Ford Aerostar Van	207
1986 Ford Aerostar Van	104, 204
1985 Ford Bronco II MPV	210
1985 Buick Riviera 2-dr. coupe	210, 216
1985 Buick Riviera 2-dr. coupe	216
1985 Buick Somerset 2-dr. sedan	104, 105, 204

1985 Chevrolet Astro Van	301 Rear
1985 Chevrolet S-10 Blazer MPV	301 Rear
1985 Chevrolet Nova 4-dr. sedan	210
1985 Chevrolet Spectrum 4-dr. sedan	104, 105, 204
1985 Chevrolet Sprint 2-dr. hatchback	124, 301 Rear
1985 Chevrolet Suburban MPV	104, 124, 210
1985 Pontiac Trans Am 2-dr. coupe	210, 216
1986 BMW 325 4-dr. sedan	103, 105, 207, 216
1985 Mercedes-Benz 190 4-dr. sedan	103, 210, 216
1985 Volkswagen Jetta 4-dr. sedan	103, 207, 216
1986 Volkswagen Vanagon	105, 210
1985 Honda Accord 4-door sedan	207, 216
1986 Isuzu SpaceCab pickup truck	105, 301 Rear
1987 Nissan Maxima 4-dr. sedan	103, 105, 301 Rear
1985 Nissan pickup truck	104, 124, 207
1986 Nissan Stanza Wagon	105, 124, 301 Rear
1985 Toyota pickup truck	104, 207
1986 Jeep Comanche pickup truck	104, 105, 124, 301 Rear
1986 Jeep Comanche pickup truck	105, 301 Frontal
1986 Ford EXP 2-dr. coupe	103, 104, 105, 301 Rear
1986 Ford Taurus 4-dr. sedan	105, 301 Rear
1986 Mercury Sable 4-dr. sedan	124, 301 Frontal
1986 Ford Aerostar Van	301 Frontal
1986 Ford Ranger pickup truck	104, 105, 301 Rear
1986 Chevrolet Nova 4-dr. sedan	124, 301 Frontal
1986 Chevrolet Passenger Van	301 Frontal
1986 Chevrolet S-10 pickup truck	105, 210
1986 Oldsmobile Ciera GT 2-dr. coupe	103, 104, 105, 204
1986 Oldsmobile Toronado 2-dr. coupe	124, 301 Frontal
1985 Pontiac Grand Am 4-dr. sedan	210
1986 Volkswagen Scirocco 2-dr. coupe	103, 104, 105, 204
1986 Acura Integra 2-dr. hatchback	103, 104, 105, 204
1986 Isuzu SpaceCab pickup truck	301 Frontal
1986 Mazda 323 2-dr. hatchback	103, 105, 301 Rear
1986 Nissan Hardbody pickup truck	105, 204
1987 Nissan Sentra 2-dr. sedan	103, 105, 301 Rear
1987 Nissan Stanza 4-dr. sedan	103, 104, 105, 204
1986 Suzuki Samurai MPV	104, 105, 124, 301 Rear
1986 Toyota Celica 2-dr. coupe	124, 301 Frontal
1986 Toyota Celica 2-dr. coupe	105, 301 Rear
1986 Hyundai Excel 2-dr. hatchback	105, 210
1986 Hyundai Excel 2-dr. hatchback	124, 301 Frontal
1986 Blue Bird 65 Pass. School Bus	105, 221, 222
1986 Carpenter 16 Pass. School Bus	104, 105, 124, 222
1986 Wayne 65 Pass. School Bus	105, 221, 222
1986 Yugo GV 2-dr. hatchback	105, 301 Rear
1986 Yugo GV 2-dr. hatchback	124, 301 Frontal

The following equipment items were tested in 1986.

Number Of Equipment Items	FMVSS Testing
350 Brake Hoses	106
1200 Passenger Car Tires	109
26 Cans Of Hydraulic Brake Fluid	116
260 Truck and Bus Tires	119
144 Door Locks and Hinges	206
480 Seat Belt Assemblies	209
84 Child Seating Systems	213
120 Motorcycle Helmets	218

SENATOR LAUTENBERG: Update the charts regarding failure rates found on pages 482 and 483 of Senate Hearings Report 99-721, Part 1.

ANSWER: The requested table follows.

FISCAL YEAR 1986

FMVSS NO.	DESCRIPTION	NO. OF TESTS	NO. OF ITEMS	NO. OF FAILURES	PERCENT FAILURES
103	Windshield Defrosting and Defogging Systems	15	15	0	0
104	Windshield Wiping and Washing Systems	18	18	0	0
105	Hydraulic Brake System	34	34	1	3
106	Brake Hoses	20	330	33	10
108	Lamps, Reflective Devices, and Associated Equipment	552	552	43	8
109	New Pneumatic Tires - Passenger Cars	610	610	0	0
116	Hydraulic Brake Fluids	26	26	0	0
119	New Pneumatic Tires - Other Than Pass. Cars	200	200	20	10
124	Accelerator Control Systems	16	16	0	0
204	Steering Control Rearward Displacement	10	10	0	0
206	Door Locks and Door Retention Components	16	96	0	0
207	Seating Systems	8	8	0	0
209	Seat Belt Assemblies	20	300	0	0
210	Seat Belt Assembly Anchorages	15	15	0	0
212	Windshield Mounting	10	10	0	0
213	Child Seating Systems	20	80	0	0
216	Roof Crush Resistance	13	13	1	8
218	Motorcycle Helmets	30	120	96	80
221	School Bus Body Joint Strength	2	2	0	0
222	School Bus Passenger Seating - Crash Protection	3	3	0	0
301	Fuel System Integrity	28	28	1	3

SENATOR LAUTENBERG: Update the charts found on pages 487, 488, and 489 (the Activity Summaries) found in Senate Hearings Record 99-721, Part 1, for the five most recent years.

ANSWER: The requested charts follow:

ODI ACTIVITY SUMMARY

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87 (1)
INVESTIGATIONS								
OPENED	122	39	89	119	111	117	112	33
CLOSED	121	104	90	114	116	123	100	31
AUDITS								
INITIATED	6	10	15	6	5	7	5	0
CLOSED	4	1	7	15	6	14	13	0
PETITIONS								
RECEIVED	21	22	12	19	21	33	20	11
CLOSED	25	16	12	11	18	28	20	6

VEHICLE RECALL CAMPAIGNS								
TOTAL	125	115	115	119	129	142	144	54
INFLUENCED BY ODI	21	16	12	19	19	26	21	8
VEHICLES RECALLED (000)								
TOTAL	5,130	9,980	2,402	3,394	4,938	8,089	3,463	1,059
INFLUENCED BY ODI	2,696	2,234	1,362	2,062	2,673	6,545	1,649	345
EQUIPMENT RECALLS								
CAMPAIGNS	23	23	32	25	25	17	26	4
TOTAL UNITS (000)	256	262	947	151	133	636	1,046	15
TIRES (000)	7,024	52	149 (2)	38	11	17	14	-
HOTLINE CALLS	N/A	N/A	180,500	202,400	234,263	260,066	265,600	119,704
FREEDOM OF INFORMATION ACT REQUESTS PROCESSED	94	163	151	167	238	228	138	35

NOTES:

N/A - Information Not Available
1 - As of February 28, 1987
2 - December 9, 1981 Through September 30, 1982

STANDARDS COMPLIANCE SUMMARY

	FY 80	FY 81	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87
RECALL CAMPAIGNS								
Total	56	36	22	26	25	21	15	8
Influenced by OVSC	16	11	9	10	5	3	14	8
VEHICLES RECALLED (000)								
Total	286	194	205	283	1,777	77	173	1.5
Influenced by OVSC	135	23	193	9	663	19	173	1.5
EQUIPMENT RECALLS								
Campaigns	7	3	5	2	9	17	6	1
Total Units (000)	351	0.2	27	41	995	2,998	266	198
TIRES	0	4,915	0	0	0	0	0	0
FUEL ECONOMY COMPLIANCE MONITORING 1/								
Passenger Car Manufacturers	22	22	21	26	24	26	28	27
Light Trucks Manufacturers	10	10	10	12	13	11	12	13
GRAY MARKET MONITORING								
Investigations Opened	2,004	2,390	3,733	11,134	28,327	59,546	37,095	5,734 2/
Investigations Closed	2,270	1,470	2,410	9,660	15,396	41,501	56,534	2,458 3/
CIVIL PENALTIES								
Safety Standards Non-Compliance	714	33	30	133	14	21	1	2
Fuel Economy Civil Penalty - Jaquar Cars, Inc.							6,015	

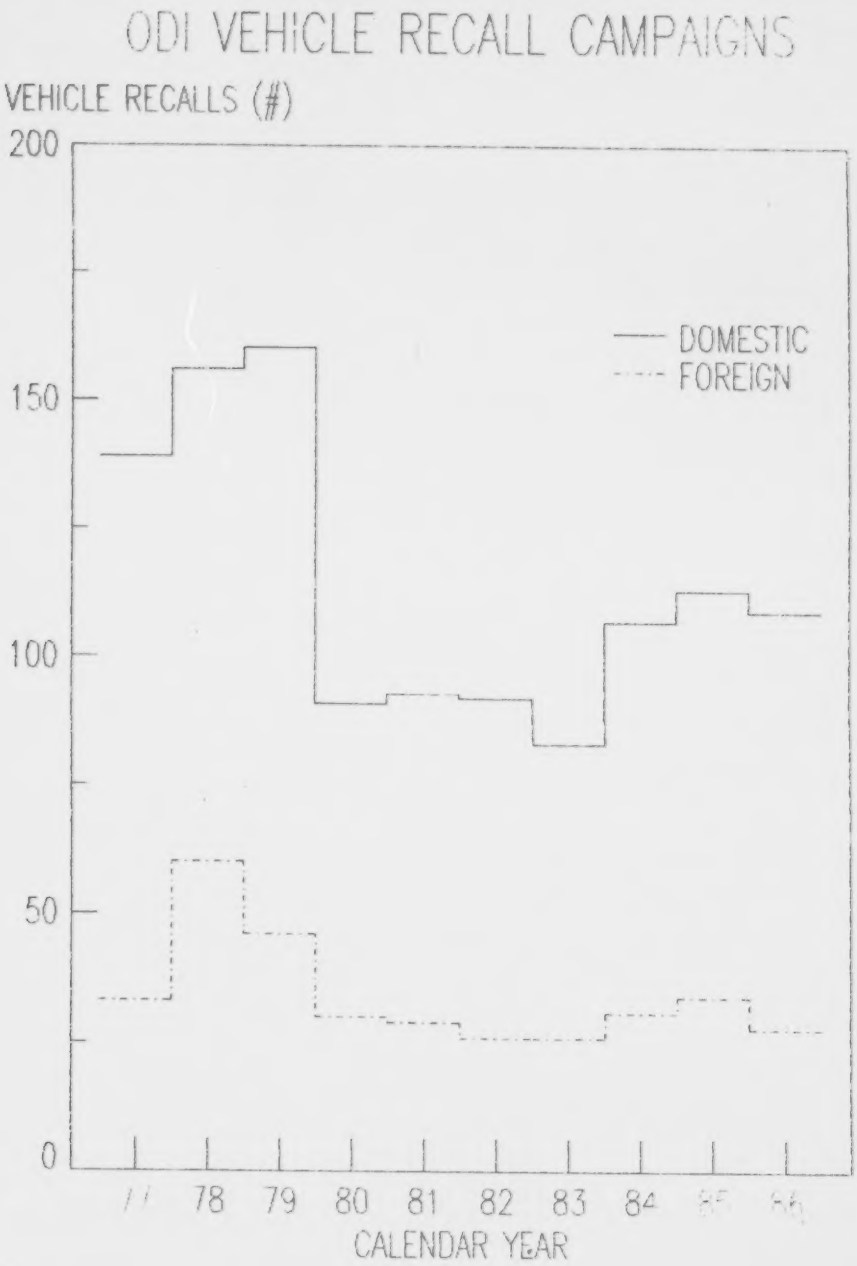
1/ Fuel economy standards effective 1978 model year for passenger cars, 1979 model year for light trucks.
2/ Through February 1987.
3/ Through February 1987.

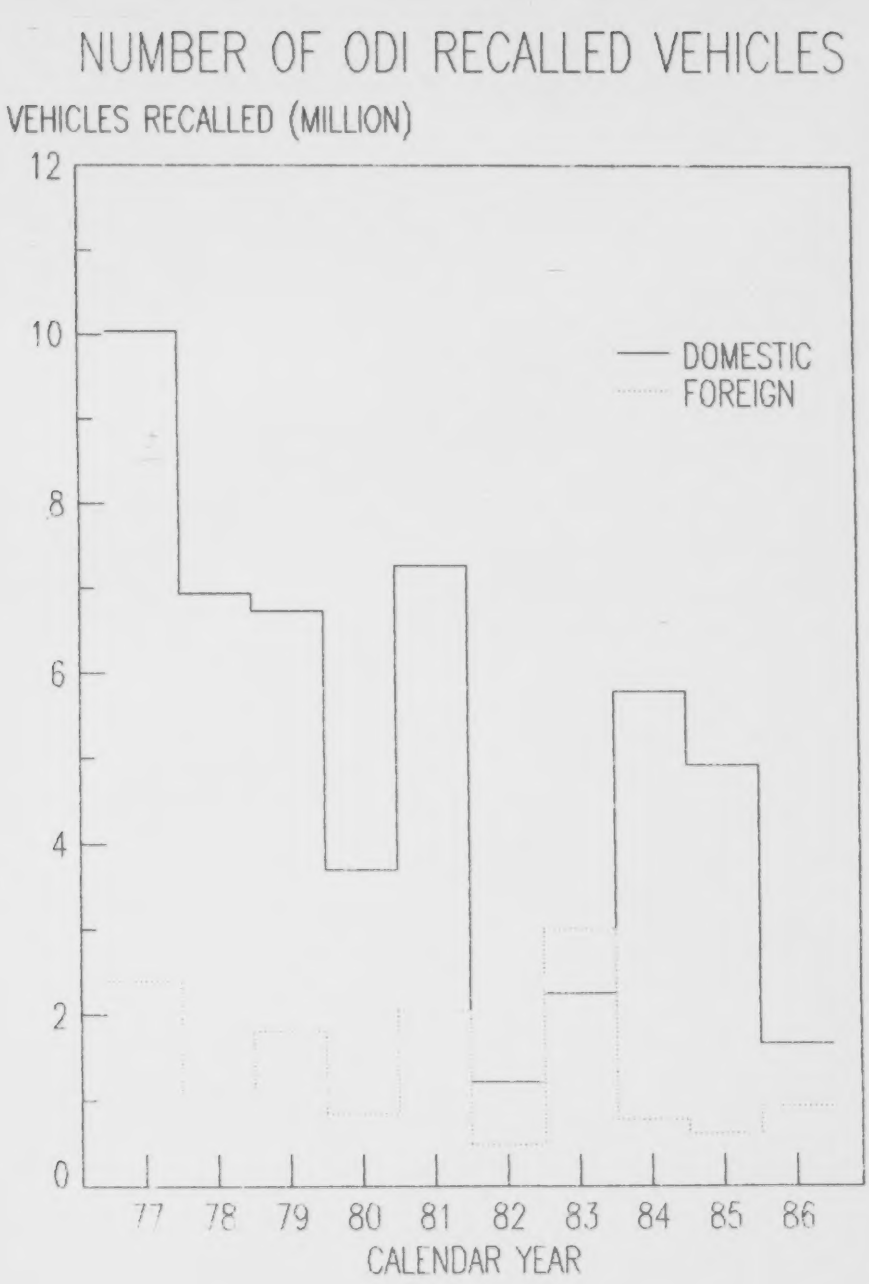
ODOMETER ENFORCEMENT SUMMARY 1/

	FY80	FY81	FY82	FY83	FY84	FY85	FY86	To Date FY87
Investigations Completed (Substantiated Fraud)	113	88	99	79	80	43	37	20
Number of Vehicles	745	425	754	205	400	146	226	70
Referred to Department of Justice for Prosecution	25	21	20	6	4	6	17	11
Referred to States for Prosecution	14	7	26	24	29	11	8	5
Results of Investigation Provided to Complainant For Private Civil Action	74	60	53	49	47	26	12	4

1/ Odometer Enforcement Activity Initiated in FY 78.

SENATOR LAUTENBERG: Update the charts on pages 493 and 494 of Senate Hearings Record 99-721, Part 1, regarding vehicles recalled.
ANSWER: The requested charts follow.




NUMBER OF ODI RECALLED VEHICLES
VEHICLES RECALLED (MILLION)
12
10
8
6
4
2
0
DOMESTIC
FOREIGN
77
78
79
80
81
82
83
84
85
86
CALENDAR YEAR

SENATOR LAUTENBERG: What percent of foreign vehicles tested in 1986 and 1987 were foreign versus domestic.

ANSWER: In 1986, 63 percent of the vehicles tested in our compliance test program were domestic and 37 percent were foreign. For 1987, the breakdown is 50 percent each.

RECALL NOTICES

SENATOR LAUTENBERG: One of the Safety Review Task Force recommendations in the enforcement area was to conduct a study to determine why response rates for recalls influenced by NHTSA are lower than those initiated solely by manufacturers. What have you done in response to this recommendation?

ANSWER: The Agency initiated in January 1987 an in-house study which is planned for completion by December 1987. The study involves reviewing the recall file for characteristics which may reveal the reasons for this disparity. We hypothesize that manufacturer initiated recalls generally involve newer models, the owners of which are easier to locate for recall notification. In addition, many vehicles are still in dealer stock at the time of the recall and can be fixed before they are sold. Further, NHTSA influenced recalls are generally older models, for which the owners are more difficult to contact. In both types of recall campaigns, the manufacturer is responsible for notifying the owner.

Senator Lautenberg: Provide the Committee bill language which would amend 15 U.S.C. 1413 to authorize the Secretary to require manufacturers to mail reminders to owners when appropriate.

ANSWER: The Department has submitted legislation to authorize the Secretary to require such reminders. It would amend 15 U.S.C. 1413 by adding the following subsection:

"(d) If the Secretary determines that a notification sent by a manufacturer pursuant to subsection (c) of this section has not resulted in an adequate number of vehicles or items of equipment being returned for remedy, the Secretary may direct the manufacturer to send a second notification in such manner as the Secretary may prescribe by regulation."

SPEED MONITORING DATA SUMMARIES

SENATOR LAUTENBERG: Please update for the record the speed monitoring data summaries found on pages 498-508 of Senate Hearings report 99-721, Part 1.

ANSWER: The information follows.

FY 1986 SPEED MONITORING DATA SUMMARIES

Tabulations are provided for some of the various data items which are included either in the certifications or in the annual speed summary.

Attachment (1)--The percent exceeding 55 mph, highway mileage subject to speed monitoring, and the number of citations for exceeding 55 mph for each State as reported in the FY 1986 certifications.

Attachment (2)--The unadjusted percent exceeding 55 mph by State by functional grouping.

Attachment (3-9)--Self-explanatory.

Speed data collection continues to be automated during FY 1986, with all speed data being collected by non-radar based, unattended recording equipment.

In addition to the attached tabulations, these figures also describe speed data collection during FY 1986.

NATIONWIDE:

Total number of speeds recorded: 54,688,273

SPEED MONITORING LOCATIONS:

Total nationwide: 1,797
Range: 8 (Delaware and Rhode Island) to 105 (California)
Average: 35 per State
Median Number: 34
Mode: 34 (11 States)

SPEED MONITORING SESSIONS:

Total Nationwide: 4,072
Range: 20 (Delaware) to 217 (California)
Average: 80 per State

Comparing statewide percent exceeding 55 mph figures for FY 1986 with FY 1985 shows the following:

FY 1986 vs. FY 1985 statewide percent exceeding 55 mph

50 States and Puerto Rico reporting

28 increases:
Range: +0.3 to +10.8 percentage points
Average: +4.0 points

23 decreases:
Range: -0.1 to -10.1 percentage points
Average: -2.2 points

The combined average change was +1.2 percentage points.

The trend in speeds for FY 1986 continued upward. Statewide average figures for all six speed statistics reported, increased in FY 1986 over FY 1985.

National Average Statewide Figures For:	FY 1985	FY 1986	Change
UNADJUSTED PERCENT EXCEEDING 55 MPH	57.6	58.8	+1.2
AVERAGE SPEED (MPH)	56.2	56.4	+0.2
MEDIAN SPEED (MPH)	56.4	56.6	+0.2
85TH PERCENTILE SPEED (MPH)	63.2	63.4	+0.2
PERCENT EXCEEDING 60 MPH	28.5	29.6	+1.1
PERCENT EXCEEDING 65 MPH	10.1	10.6	+0.5
ADJUSTED PERCENT EXCEEDING 55 MPH	43.5	44.3	+0.8

Focusing further on the percent exceeding 55 mph shows that the national average 55 mph noncompliance figure increased in four of the six functional categories monitored in FY 1986 from FY 1985.

National Average Percent Exceeding 55 MPH

Functional Grouping	FY 1985	FY 1986	Change
Urban Interstate	64.4	64.9	+0.5
Urban Other Freeways and Expressways	60.6	59.6	-1.0
Urban Other Arterials	41.8	40.8	-1.0
Rural Interstate	75.6	76.2	+0.6
Rural Other Arterials	50.7	52.5	+1.8
Rural Major Collectors	37.9	40.9	+3.0

A review of Attachment No. 2 shows that in compiling a national average unadjusted percent exceeding 55 mph figure of 58.8, 44 States reported values greater than 50 percent, 26 States reported 60 percent or more, and 3 States 70 percent or more exceeding 55 mph.

The perception many people have of how fast other vehicles are traveling is often made under rural freeway driving conditions, i.e., on rural Interstate highways. Again, reviewing Attachment No. 2, we find that in compiling a national average figure of 76.2 percent exceeding 55 mph for rural Interstates, only two States (Connecticut at 42.7 and New Jersey at 46.6) were under 50 percent. Of the remaining 45 States included in this analysis, 5 were between 60 and 70 percent, 21 between 70 and 80 percent, 17 between 80 and 90 percent and 2 reporting 90 percent or more exceeding 55 mph on rural Interstate highways.

The national average of 76.2 percent exceeding 55 mph on rural Interstate, includes a value of 45.9 percent for Puerto Rico. This represents mileage added to the Interstate System under 23 U.S.C. 139(c), and is only the second time Puerto Rico has reported rural Interstate data. If the Puerto Rico value is excluded from the national average--a status which best reflects consistency with past years data--the national average increases to 76.9 percent exceeding 55 mph on rural Interstate highways.

For FY 1986, the States as a whole reported 563,603.1 miles of highway with a 55 mph speed limit, subject to speed monitoring. This represents a 6,050.4 mile or 1.1 percent decrease from the FY 1985 figure.

Also during FY 1986, 8,548,775 citations were issued for exceeding 55 mph. This represents an increase of 99,690 or 1.2 percent over FY 1985. This represents the most citations issued for 55 mph violations since FY 1981 when approximately 8.8 million were issued.

FY86 SPEED LIMIT ENFORCEMENT CERTIFICATION DATA*

STATE	PERCENT EXCEEDING 55MPH	HIGHWAY MILEAGE SUBJECT TO SPEED MONITORING	CITATIONS ISSUED FOR 55MPH VIOLATIONS
ALABAMA	45.2	16581.5	135535
ALASKA	49.5	1755.9	17543
ARIZONA	54.6	5028.4	185223
ARKANSAS	39.7	13933.8	169577
CALIFORNIA	51.5	24819.0	981720
COLORADO	46.9	6364.0	89186
CONNECTICUT	37.2	480.3	118744
DELAWARE	40.6	183.1	27148
FLORIDA	47.3	12417.0	387344
GEORGIA	39.3	22990.9	214810
HAWAII	36.3	290.3	8877
IDAHO	39.4	4275.2	53874
ILLINOIS	40.4	14214.0	188989
INDIANA	45.2	10336.0	129615
IOWA	39.9	22290.0	151187
KANSAS	43.7	19347.0	140897
KENTUCKY	37.0	11300.0	132492
LOUISIANA	47.6	9929.0	120960
MAINE	55.9	1363.0	27695
MARYLAND	49.8	1061.0	170876
MASSACHUSETTS	48.5	921.2	195145
MICHIGAN	49.9	23750.0	176463
MINNESOTA	38.6	24452.0	109780
MISSISSIPPI	46.9	16998.0	153997
MISSOURI	47.3	25015.0	240273
MONTANA	45.6	9466.0	90094
NEBRASKA	54.2	12291.0	70610
NEVADA	45.2	4380.9	77888
NEW HAMPSHIRE	49.9	648.6	42973
NEW JERSEY	45.4	933.0	129991
NEW MEXICO **		7009.0	90910
NEW YORK	47.8	14299.0	265510
NORTH CAROLINA	37.2	14790.0	243095
NORTH DAKOTA	49.5	10157.0	52662
OHIO	44.6	18616.3	473148
OKLAHOMA	46.0	12197.0	123522
OREGON	45.3	13686.0	117149
PENNSYLVANIA	42.5	10210.0	211897
PUERTO RICO	29.9	150.0	53112
RHODE ISLAND	49.1	81.2	23342
SOUTH CAROLINA	38.2	12256.0	224343
SOUTH DAKOTA	40.7	13816.0	51650
TENNESSEE	48.6	9874.0	219202
TEXAS	44.6	53544.0	906315
UTAH	51.7	4000.0	127194
VERMONT	46.0	370.5	35852
VIRGINIA	32.2	14753.0	200056
WASHINGTON	38.0	4850.0	166931
WEST VIRGINIA	25.6	7295.7	41996
WISCONSIN	43.3	19854.0	109619
WYOMING	50.0	5879.5	69791
NATIONAL	AVERAGE: 44.3	TOTAL: 564503.3	TOTAL: 8548775

FOOTNOTES

* AS REPORTED BY THE STATES IN THE CERTIFICATION OF SPEED LIMIT ENFORCEMENT. SUBMITTED FOR THE PERIOD OCTOBER 1, 1985, TO SEPTEMBER 30, 1986.

** NEW MEXICO'S ANNUAL SPEED SUMMARY IS STILL UNDER REVIEW.

FY86: PERCENT EXCEEDING 55MPH - UNADJUSTED

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	73.7		42.7	90.0	53.4	43.2	59.6
ALASKA			66.7		69.7	21.7	64.2
ARIZONA	56.6			81.5	72.8	48.9	71.0
ARKANSAS	67.4	74.2		75.9	44.7	39.1	52.5
CALIFORNIA	65.4	64.1	35.6	86.6	66.8	63.4	65.6
COLORADO	58.5	83.5		75.7	56.8	44.0	62.7
CONNECTICUT	52.6	44.0		62.7	52.9		49.4
DELAWARE	64.1				50.5		56.3
FLORIDA	56.8		39.7	85.6	60.4	51.4	60.0
GEORGIA	59.9	60.7	25.9	73.5	47.6	29.5	50.7
HAWAII	67.9				31.8	26.3	49.5
IDAHO	66.8			70.0	60.2	47.6	54.2
ILLINOIS	58.4	76.1	32.9	71.1	45.8	44.1	54.7
INDIANA	72.1	75.3	36.3	83.2	54.3	43.8	61.0
IOWA	45.0			79.6	51.6	51.6	56.9
KANSAS	69.5	60.3	49.4	74.9	56.8	50.7	59.9
KENTUCKY	54.6	42.8	12.5	62.1	60.2	31.2	48.3
LOUISIANA	78.0		51.2	88.2	61.7	42.4	62.1
MAINE	68.7	81.4		89.5	53.4	37.7	70.0
MARYLAND	72.3	39.8	32.0	67.0	68.1		65.5
MASSACHUSETTS	66.5	48.0	57.7	69.3	74.0		63.2
MICHIGAN	62.7	75.4	60.7	89.9	59.6	44.7	62.4
MINNESOTA	72.5	50.5	60.0	74.2	51.2	34.2	56.8
MISSISSIPPI	77.8			84.7	51.2	45.1	59.1
MISSOURI	65.0	58.3		83.9	56.1	44.1	61.2
MONTANA	65.7			70.4	58.6	23.7	59.6
NEBRASKA	60.1			90.1	69.4	52.9	71.5
NEVADA	59.7	51.6	37.1	77.1	67.5	46.4	64.7
NEW HAMPSHIRE	68.8	74.3	50.5	79.5	39.4	49.6	63.1
NEW JERSEY	59.5	60.6	47.5	46.6	35.5		54.0
NEW MEXICO	90.4		14.1	79.5	57.0	58.7	67.5
NEW YORK	83.4	69.7	47.8	89.4	35.4	35.6	60.7
NORTH CAROLINA	64.2	58.7		77.4	53.9	34.8	53.4
NORTH DAKOTA	70.8			79.2	62.5	61.4	66.9
OHIO	73.3	61.2	54.9	78.4	56.7	26.3	60.2
OKLAHOMA	58.2	49.4		76.0	55.2	56.2	58.1
OREGON	74.2	72.3	37.1	84.1	46.0	39.6	59.9
PENNSYLVANIA	76.2	65.9	12.9	80.3	39.8	24.6	54.3
PUERTO RICO	36.7	36.6		45.9	47.0		40.4
RHODE ISLAND	65.7	49.1		70.1			64.8
SOUTH CAROLINA	76.4		13.9	86.7	49.0	20.6	52.9
SOUTH DAKOTA	52.2		25.7	61.4	45.3	39.8	48.7
TENNESSEE	75.7		51.2	84.8	46.4	18.7	63.4
TEXAS	67.2	55.3	38.1	82.2	62.0	47.1	61.6
UTAH	76.8	46.1	71.6	80.6	37.4	69.0	67.0
VERMONT	51.2			70.1	43.0		64.4
VIRGINIA	61.2	37.1	39.2	67.1	43.7	28.5	48.7
WASHINGTON	61.7	63.9		70.2	31.6	55.7	55.6
WEST VIRGINIA	38.1		37.0	74.3	25.5	21.2	38.5
WISCONSIN	56.3	60.5		81.0	64.4	35.7	60.4
WYOMING	55.9			76.7	61.1	28.9	63.6
AVERAGE	64.9	59.6	40.8	76.2	52.5	40.9	58.8

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY86: STANDARD ERROR OF THE PERCENT EXCEEDING 55MPH

STATE	URBAN			RURAL			STATEWIDE*	
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	S(pst)	∅
ALABAMA							3.680	6.100
ALASKA			8.900		6.970	11.730	5.440	9.250
ARIZONA	2.750			2.620	4.550	10.050	1.987	3.120
ARKANSAS							2.980	4.980
CALIFORNIA								3.803
COLORADO								
CONNECTICUT							2.460	4.150
DELAWARE	4.836				7.000		4.510	8.400
FLORIDA	7.400		9.860	2.439	2.785	1.718	2.770	4.680
GEORGIA	5.640	2.320	1.650	7.860	9.970	2.810	3.330	5.630
HAWAII							2.540	4.300
IDAHO							2.910	4.920
ILLINOIS	5.190	13.790	6.130	2.710	8.460	2.350	3.070	5.170
INDIANA	11.830	4.210	7.050	2.390	7.200	4.290	3.460	5.850
IOWA	1.440			4.610	6.500	4.920	3.545	5.998
KANSAS							4.030	6.800
KENTUCKY	9.700	5.412	4.891	5.787	10.687	4.598	3.673	6.210
LOUISIANA							3.312	5.590
MAINE								
MARYLAND	0.724	0.324	0.011	0.295	0.295		1.726	3.000
MASSACHUSETTS								
MICHIGAN	14.210	2.850	12.990	2.300	7.790	2.980	4.248	7.131
MINNESOTA							2.478	4.189
MISSISSIPPI	0.212			1.596	6.369	6.065	3.236	5.475
MISSOURI							2.930	4.964
MONTANA								
NEBRASKA	4.610			2.240	4.320	10.310	2.810	4.770
NEVADA	2.100	5.400	9.890	3.190	4.200	2.800	1.730	2.900
NEW HAMPSHIRE	2.180	3.200	7.290	3.850	8.120	7.450	2.896	4.910
NEW JERSEY								
NEW MEXICO	3.476		2.807	3.361	11.387	6.046	4.173	7.070
NEW YORK	5.060	7.140	5.190	22.680	7.590	7.370	3.840	6.440
NORTH CAROLINA							2.950	4.990
NORTH DAKOTA								
OHIO	2.970	1.290	15.880	2.440	6.340	5.550	2.474	4.150
OKLAHOMA							2.810	4.760
OREGON							4.580	7.740
PENNSYLVANIA	3.660	5.820	4.570	2.710	4.770	2.600	2.020	3.400
PUERTO RICO								
RHODE ISLAND								
SOUTH CAROLINA							4.100	7.000
SOUTH DAKOTA	2.020		2.890	4.000	4.810	5.220	2.830	4.770
TENNESSEE							1.490	2.520
TEXAS							2.120	3.520
UTAH	2.620	1.950	8.970	5.100	8.110	8.920	2.620	4.425
VERMONT								
VIRGINIA								
WASHINGTON	5.380	5.480		5.640	6.730	7.100	3.133	5.304
WEST VIRGINIA	13.730		5.920	7.070	6.790	10.970	4.170	7.070
WISCONSIN							4.190	7.090
WYOMING								
MEDIAN VALUE	4.135	4.210	5.920	3.190	6.790	5.220	2.950	4.977

FOOTNOTES: A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED, OR STANDARD ERROR CALCULATED.

* S(pst) - STANDARD ERROR OF THE PERCENT EXCEEDING 55MPH ESTIMATE
∅ - ACTUAL ACHIEVED PRECISION

FY86: AVERAGE SPEED (MPH)

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	59.2		53.9	62.9	55.6	54.0	56.9
ALASKA			57.7		58.3	45.8	56.9
ARIZONA	57.0			60.4	57.9	56.0	58.6
ARKANSAS	56.7	58.6		60.7	53.5	56.5	56.1
CALIFORNIA	55.8	57.4	53.5	61.4	59.5	57.4	57.4
COLORADO	54.7	60.9		59.3	53.5	53.2	56.4
CONNECTICUT	55.5	54.0		53.9	56.1		55.0
DELAWARE	57.7				55.8		56.6
FLORIDA	57.0		53.7	62.3	57.2	56.5	57.5
GEORGIA	59.3	57.2	53.4	60.4	53.1	51.5	56.0
HAWAII	58.4				51.4	52.6	55.1
IDAHO	57.4			59.2	52.3	54.3	55.5
ILLINOIS	56.2	59.6	52.6	58.8	54.5	53.9	55.6
INDIANA	58.7	59.3	53.8	60.8	56.1	53.8	57.0
IOWA	54.3			59.6	54.9	55.0	55.8
KANSAS	59.4	56.7	55.0	59.2	55.7	54.3	56.6
KENTUCKY	55.4	54.5	46.2	56.7	57.6	50.4	54.3
LOUISIANA	59.8		54.7	61.6	56.7	52.9	56.7
MAINE	58.2	60.3		62.2	56.0	53.2	58.8
MARYLAND	57.8	54.7	52.4	56.9	58.0		57.2
MASSACHUSETTS	58.8	53.8	55.7	58.9	59.6		57.7
MICHIGAN	61.8	59.6	56.6	63.5	55.4	54.1	58.1
MINNESOTA	57.0	55.8	55.9	58.3	54.6	50.2	55.1
MISSISSIPPI	58.4			61.1	51.6	51.1	54.1
MISSOURI	58.0	57.1		61.3	56.2	52.9	57.0
MONTANA	57.2			60.4	56.4	50.5	57.2
NEBRASKA	51.4			61.7	56.8	55.1	57.3
NEVADA	56.7	55.9	53.9	59.4	57.9	55.2	57.6
NEW HAMPSHIRE	59.1	59.6	55.6	60.7	53.7	55.3	57.8
NEW JERSEY	56.2	56.6	54.4	54.5	52.5		55.4
NEW MEXICO	61.6		47.1	60.8	54.7	56.1	57.6
NEW YORK	61.0	58.3	54.5	62.6	51.9	51.9	56.8
NORTH CAROLINA	57.2	56.0		59.1	55.0	52.4	55.2
NORTH DAKOTA	58.2			59.2	56.9	56.0	57.4
OHIO	58.2	57.2	57.3	59.4	56.7	55.1	57.4
OKLAHOMA	57.0	55.2		59.8	56.7	56.7	57.2
OREGON	59.5	55.4	52.6	60.9	56.5	48.8	56.6
PENNSYLVANIA	59.3	58.0	47.8	60.5	53.6	50.9	55.8
PUERTO RICO	52.8	52.6		53.9	54.3		53.2
RHODE ISLAND	58.2	55.8		58.9			58.1
SOUTH CAROLINA	56.6		49.1	61.4	55.7	49.7	55.5
SOUTH DAKOTA	58.2		53.3	59.5	57.0	55.6	57.4
TENNESSEE	58.5		54.8	61.4	54.7	46.9	57.1
TEXAS	56.5	57.0	53.3	60.6	56.1	49.9	55.9
UTAH	60.1	53.6	55.0	57.5	51.6	57.2	56.6
VERMONT	55.5			58.5	54.0		57.5
VIRGINIA	54.1	53.1	53.4	57.9	52.0	50.2	53.4
WASHINGTON	56.8	56.9		58.0	52.6	55.8	56.0
WEST VIRGINIA	56.0		54.2	61.3	51.3	45.4	52.6
WISCONSIN	56.4	56.5		60.9	57.3	49.8	56.3
WYOMING	56.0			60.1	57.0	51.5	57.6
AVERAGE	57.4	56.7	53.5	59.8	55.3	52.9	56.4

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY86: MEDIAN SPEED (MPH)

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	56.3		53.6	62.3	55.6	53.8	56.3
ALASKA			57.9		58.4	61.3	56.7
ARIZONA	57.2			60.4	58.1	56.1	58.7
ARKANSAS	56.8	58.6		58.7	53.8	56.9	55.9
CALIFORNIA	58.0	58.6	53.9	62.0	59.2	57.9	58.5
COLORADO	56.5	60.3		59.3	56.1	54.3	57.1
CONNECTICUT	53.5	53.9		53.8	55.5		54.9
DELAWARE	57.2				55.1		56.0
FLORIDA	56.4		52.9	61.7	56.8	55.3	56.8
GEORGIA	58.8	56.1	52.8	59.7	51.5	49.5	54.8
HAWAII	58.9				51.6	52.8	55.4
IDAHO	58.3			60.3	53.4	56.6	56.7
ILLINOIS	56.6	58.9	52.3	58.1	54.3	54.0	55.5
INDIANA	58.2	58.7	52.7	59.8	55.6	53.8	56.6
IOWA	54.3			58.9	55.2	53.3	55.9
KANSAS	60.2	57.4	55.9	59.6	56.5	56.0	57.5
KENTUCKY	55.8	53.8	46.5	57.1	57.1	50.6	54.3
LOUISIANA	59.9		55.3	61.6	57.1	53.6	57.1
MAINE	58.7	60.6		62.7	56.6	53.9	59.3
MARYLAND	58.2	53.6	52.5	57.9	58.2		57.5
MASSACHUSETTS	59.2	54.9	56.6	58.8	59.5		58.2
MICHIGAN	62.6	59.9	57.7	63.9	55.9	54.8	58.8
MINNESOTA	57.1	56.1	57.2	57.6	54.9	51.8	55.5
MISSISSIPPI	56.3			58.8	51.8	50.7	53.4
MISSOURI	58.8	57.5		62.0	56.8	52.7	57.5
MONTANA	59.1			60.9	56.6	49.2	57.5
NEBRASKA	56.8			61.6	57.2	53.9	58.1
NEVADA	57.3	56.2	54.1	60.5	58.7	55.4	58.3
NEW HAMPSHIRE	59.9	60.7	56.1	61.6	54.3	55.9	58.6
NEW JERSEY	55.6	56.1	53.7	53.6	50.3		54.6
NEW MEXICO	62.1		43.9	60.6	54.5	56.7	57.5
NEW YORK	60.7	58.1	54.6	62.4	52.6	52.4	56.9
NORTH CAROLINA	58.0	57.1		59.7	56.6	53.5	56.3
NORTH DAKOTA	57.2			57.5	56.5	55.7	56.6
OHIO	59.1	57.4	57.7	59.6	57.4	55.6	58.0
OKLAHOMA	57.0	55.0		59.0	57.0	57.0	57.3
OREGON	59.1	54.9	52.4	60.4	56.0	48.0	56.1
PENNSYLVANIA	59.7	58.5	48.8	60.6	54.3	51.7	56.4
PUERTO RICO	53.4	53.4		54.8	53.3		54.0
RHODE ISLAND	58.5	55.8		59.1			58.3
SOUTH CAROLINA	56.3		49.8	61.2	56.2	49.6	55.7
SOUTH DAKOTA	55.4		50.9	56.9	54.6	52.8	54.9
TENNESSEE	58.3		54.5	60.8	54.9	46.3	56.9
TEXAS	56.3	56.7	52.9	60.1	56.1	49.5	55.6
UTAH	58.4	53.8	54.0	56.9	52.1	57.3	55.9
VERMONT	55.7			58.5	54.2		57.6
VIRGINIA	56.0	53.0	54.0	58.0	54.0	51.0	54.6
WASHINGTON	57.4	57.6		58.9	53.2	56.7	56.6
WEST VIRGINIA	57.1		54.5	61.5	52.6	45.5	53.3
WISCONSIN	56.8	57.5		60.8	57.6	51.6	56.8
WYOMING	57.0			61.0	57.9	52.1	58.5
AVERAGE	57.7	56.8	53.4	59.6	55.5	53.1	56.6

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY86: 85TH PERCENTILE SPEED (MPH)

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	65.4		60.9	69.1	62.4	60.5	63.5
ALASKA			63.6		64.7	56.5	63.6
ARIZONA	63.0			66.4	64.4	62.5	64.8
ARKANSAS	63.1	64.9		64.9	60.6	65.0	62.9
CALIFORNIA	65.1	65.3	60.9	67.9	66.3	64.5	65.4
COLORADO	62.3	66.7		63.4	62.3	60.6	63.2
CONNECTICUT	62.9	60.8		61.3	62.5		62.2
DELAWARE	63.8				61.7		62.6
FLORIDA	64.8		61.2	68.9	64.0	65.8	64.8
GEORGIA	65.9	62.1	58.5	66.3	59.5	57.3	62.1
HAWAII	65.8				59.1	59.0	62.5
IDAHO	64.3			66.3	59.5	62.9	62.8
ILLINOIS	64.3	65.6	59.0	64.7	61.7	60.5	62.7
INDIANA	64.3	64.6	59.1	66.5	61.3	60.0	62.6
IOWA	59.4			65.4	61.0	62.3	62.0
KANSAS	66.8	63.5	61.2	65.2	62.0	63.2	63.5
KENTUCKY	63.8	60.7	54.3	64.8	66.2	60.1	62.9
LOUISIANA	66.2		61.6	67.4	63.5	61.1	63.7
MAINE	65.0	66.7		69.4	64.3	60.6	66.4
MARYLAND	64.7	60.0	59.2	64.1	63.8		63.7
MASSACHUSETTS	65.5	62.1	63.7	65.0	66.1		64.7
MICHIGAN	69.7	65.9	63.9	70.6	62.2	60.7	65.2
MINNESOTA	61.9	60.6	60.2	63.2	60.0	58.3	60.6
MISSISSIPPI	63.1			64.7	66.9	60.7	61.8
MISSOURI	67.2	64.7		68.4	65.1	62.8	65.8
MONTANA	66.9			68.4	64.1	55.1	64.8
NEBRASKA	63.4			66.8	61.7	61.5	63.0
NEVADA	63.3	63.1	60.6	67.5	65.4	62.0	65.0
NEW HAMPSHIRE	60.0	67.8	61.3	68.5	60.6	62.0	65.5
NEW JERSEY	61.4	61.7	60.3	60.3	58.4		60.8
NEW MEXICO	70.0		55.8	71.5	63.3	60.7	67.6
NEW YORK	67.1	64.5	62.3	68.7	59.5	59.8	63.7
NORTH CAROLINA	64.2	62.5		65.5	62.5	60.1	62.4
NORTH DAKOTA	62.9			63.0	62.4	62.7	62.6
OHIO	65.5	63.5	63.8	65.4	62.7	61.5	63.9
OKLAHOMA	63.0	61.0		65.0	63.0	63.0	63.3
OREGON	64.9	61.4	58.7	66.2	63.4	55.5	62.8
PENNSYLVANIA	65.8	65.3	55.6	68.2	60.7	58.9	63.1
PUERTO RICO	61.7	61.1		65.6	63.5		62.7
RHODE ISLAND	65.4	63.1		65.8			65.3
SOUTH CAROLINA	62.0		54.9	66.4	61.6	56.0	61.2
SOUTH DAKOTA	62.6		57.1	63.5	60.9	60.7	61.5
TENNESSEE	65.3		60.9	67.8	61.6	54.7	63.8
TEXAS	64.3	63.6	59.6	67.6	63.0	59.1	63.3
UTAH	65.0	60.0	63.3	62.5	58.0	66.0	62.4
VERMONT	62.3			65.0	61.2		64.2
VIRGINIA	61.0	60.0	60.0	64.0	60.0	59.0	60.8
WASHINGTON	62.8	62.7		63.9	59.6	63.6	62.2
WEST VIRGINIA	64.6		63.1	69.0	59.8	54.7	61.2
WISCONSIN	61.7	63.1		66.6	62.9	59.1	62.7
WYOMING	63.9			69.3	65.2	59.7	66.2
AVERAGE	64.3	63.2	60.2	66.2	62.2	60.7	63.4

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY86: PERCENT EXCEEDING 60MPH

STATE	URBAN			RURAL			STATEWIDE
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	VALUE
ALABAMA	40.9		17.1	45.5	22.4	16.2	30.8
ALASKA			32.7		38.5	9.8	34.7
ARIZONA	24.7			31.5	34.4	21.1	28.1
ARKANSAS	26.6	39.2		39.9	16.0	32.6	26.0
CALIFORNIA	34.4	36.8	11.6	56.8	44.7	27.9	37.4
COLORADO	25.9	31.3		43.5	25.6	15.1	31.0
CONNECTICUT	25.3	17.0		18.4	22.4		22.3
DELAWARE	31.7				19.8		24.8
FLORIDA	32.8		17.9	60.5	30.8	30.1	34.5
GEORGIA	43.9	25.7	12.6	48.8	13.5	18.2	27.8
HAWAII	37.3				8.7	7.8	23.1
IDAHO	29.7			45.6	7.4	20.7	24.6
ILLINOIS	31.0	42.0	10.4	34.3	19.1	16.0	26.2
INDIANA	37.2	40.8	10.6	48.9	18.6	14.8	27.6
IOWA	11.1			41.5	17.7	21.4	22.8
KANSAS	45.4	29.2	15.1	40.2	19.1	22.9	27.6
KENTUCKY	27.2	16.6	4.0	32.7	35.9	15.4	25.7
LOUISIANA	45.2		19.1	38.8	28.0	19.3	33.1
MAINE	33.5	47.4		61.7	25.4	13.2	41.7
MARYLAND	42.2	17.6	9.5	31.0	31.5		34.0
MASSACHUSETTS	34.5	24.4	32.1	39.1	46.9		33.8
MICHIGAN	59.4	42.8	28.1	70.7	21.5	13.2	37.7
MINNESOTA	27.9	20.9	17.0	31.4	15.9	11.4	20.4
MISSISSIPPI	47.7			58.8	26.3	24.9	34.6
MISSOURI	37.6	27.8		50.4	27.9	22.8	33.4
MONTANA	38.0			48.0	24.9	6.7	31.5
NEBRASKA	36.4			42.1	29.5	22.9	37.0
NEVADA	23.9	21.7	13.2	47.3	35.4	17.5	33.7
NEW HAMPSHIRE	44.9	48.2	15.7	53.4	12.6	17.7	34.6
NEW JERSEY	29.3	33.0	16.6	16.9	9.9		25.2
NEW MEXICO	57.6		4.5	47.5	20.6	33.4	35.7
NEW YORK	54.2	38.2	21.8	67.7	12.8	14.2	34.8
NORTH CAROLINA	28.8	19.8		40.0	19.6	10.4	21.0
NORTH DAKOTA	31.1			44.0	27.5	29.3	32.2
OHIO	37.6	23.4	25.9	39.5	20.2	16.2	29.0
OKLAHOMA	31.4	21.7		49.1	31.8	30.1	33.9
OREGON	41.5	33.5	10.3	49.9	21.2	15.1	30.8
PENNSYLVANIA	41.2	34.2	2.5	47.5	13.2	8.0	26.5
PUERTO RICO	16.4	15.1		27.6	21.8		19.5
RHODE ISLAND	34.0	21.5		37.7			33.4
SOUTH CAROLINA	28.6		2.6	57.3	23.3	6.7	27.3
SOUTH DAKOTA	23.5		7.3	31.7	18.6	18.2	22.1
TENNESSEE	40.9		17.4	54.0	19.8	4.0	33.9
TEXAS	29.1	28.5	13.1	50.8	25.0	12.2	27.5
UTAH	46.9	16.3	39.8	37.9	15.6	40.4	35.5
VERMONT	20.4			36.1	16.7		31.6
VIRGINIA	16.1	10.3	11.4	28.8	12.4	8.4	15.7
WASHINGTON	22.1	21.7		29.6	9.6	24.3	20.4
WEST VIRGINIA	28.1		19.6	53.0	9.4	3.8	19.8
WISCONSIN	19.8	25.0		47.4	25.2	16.3	26.2
WYOMING	25.0			50.1	31.3	9.9	36.5
AVERAGE	33.6	28.8	15.8	45.6	22.5	17.5	29.6

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

F/B4: PERCENT EXCEEDING 65MPH

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE VALUE
ALABAMA	15.8		4.8	32.1	7.2	5.0	12.1
ALASKA			9.2		13.3	4.5	11.8
ARIZONA	9.9			18.7	12.5	6.1	14.0
ARKANSAS	7.2	14.0		13.7	4.6	14.5	9.2
CALIFORNIA	10.9	11.6	3.5	21.1	15.8	9.3	12.4
COLORADO	6.6	19.5		15.2	7.0	4.0	9.5
CONNECTICUT	7.8	6.3		5.6	7.6		6.7
DELAWARE	9.6				5.6		7.3
FLORIDA	14.3		6.0	30.3	11.1	16.6	14.9
GEORGIA	17.9	6.9	3.6	19.5	4.2	3.1	10.5
HAWAII	14.1				3.0	2.7	8.6
IDAHO	7.8			15.6	1.6	5.3	7.5
ILLINOIS	12.3	16.2	2.4	13.5	6.4	4.9	9.6
INDIANA	11.5	12.7	2.3	18.7	4.2	4.1	8.6
IOWA	2.9			15.8	4.4	7.5	7.3
KANSAS	23.9	8.7	3.5	14.6	5.1	8.0	10.1
KENTUCKY	11.2	5.0	1.0	14.3	19.0	6.6	11.9
LOUISIANA	16.8		4.6	22.4	8.2	5.3	11.0
MAINE	10.6	16.4		26.4	9.6	3.9	16.8
MARYLAND	13.7	4.5	1.9	8.0	7.9		9.9
MASSACHUSETTS	14.1	8.6	13.3	15.0	21.1		13.4
MICHIGAN	29.1	14.4	6.1	35.4	6.4	3.2	15.5
MINNESOTA	6.2	10.4	2.6	9.7	3.4	3.8	5.4
MISSISSIPPI	19.0			27.7	10.0	10.2	14.5
MISSOURI	19.6	9.6		25.7	12.5	10.4	16.0
MONTANA	16.8			21.6	8.9	2.6	12.9
NEBRASKA	15.8			24.6	6.8	7.1	11.8
NEVADA	5.1	5.7	3.5	19.2	12.6	5.9	12.0
NEW HAMPSHIRE	20.9	20.2	2.8	23.5	2.9	4.2	15.1
NEW JERSEY	8.8	11.8	4.4	4.2	1.9		7.8
NEW MEXICO	22.6		1.7	25.0	8.7	18.9	17.5
NEW YORK	21.7	12.3	7.2	31.2	3.1	4.3	13.1
NORTH CAROLINA	7.1	3.6		11.9	4.7	2.6	5.3
NORTH DAKOTA	8.2			12.8	7.7	13.0	9.9
OHIO	12.3	6.3	6.3	12.0	4.5	4.2	8.4
OKLAHOMA	3.8	2.7		14.5	7.9	7.8	8.4
OREGON	12.8	7.8	2.3	16.8	7.0	4.9	9.9
PENNSYLVANIA	14.0	11.8	0.4	20.5	3.7	2.6	9.7
PUERTO RICO	6.4	5.2		13.8	8.3		8.1
RHODE ISLAND	12.5	6.4		13.9			12.1
SOUTH CAROLINA	5.9		0.5	22.7	6.1	2.5	9.0
SOUTH DAKOTA	9.0		1.4	11.6	4.9	7.3	7.1
TENNESSEE	16.1		4.8	24.2	5.6	0.9	13.3
TEXAS	12.8	9.6	3.6	22.9	8.4	4.8	10.9
UTAH	17.1	3.3	11.8	13.5	5.3	16.8	12.5
VERMONT	5.4			12.6	4.9		10.6
VIRGINIA	3.2	1.6	2.4	7.2	2.4	2.2	3.5
WASHINGTON	4.2	3.9		7.7	2.5	7.8	4.6
WEST VIRGINIA	9.9		8.7	23.8	2.4	1.3	7.9
WISCONSIN	5.5	8.6		20.2	8.3	6.1	9.4
WYOMING	8.0			23.4	11.8	3.1	15.6
AVERAGE	12.0	9.1	4.4	18.2	7.3	6.3	10.6

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

FY86: MILEAGE SUBJECT TO SPEED MONITORING

STATE	URBAN			RURAL			
	INTERSTATE SYSTEM	FREEWAY & EXPRESSWAY	OTHER ARTERIALS	INTERSTATE SYSTEM	OTHER ARTERIALS	MAJOR COLLECTORS	STATEWIDE TOTAL
ALABAMA	182.0		458.5	643.0	5338.4	9959.6	16581.5
ALASKA			14.1		1476.3	265.5	1755.9
ARIZONA	112.5			1052.2	2869.5	994.2	5028.4
ARKANSAS	122.1	44.4		419.4	4911.7	8436.2	13933.8
CALIFORNIA	951.0	1054.0	1832.0	1427.0	9155.0	10400.0	24819.0
COLORADO	132.0	30.0		782.0	3276.0	2144.0	6364.0
CONNECTICUT	181.6	110.8		106.9	80.8		480.3
DELAWARE	34.7				148.4		183.1
FLORIDA	351.0		789.0	926.0	5582.0	4769.0	12417.0
GEORGIA	337.7	64.0	1335.0	887.2	7595.0	12772.0	22990.9
HAWAII	24.8				179.1	76.4	280.3
IDAHO	71.6			533.3	2184.5	1485.8	4275.2
ILLINOIS	413.0	78.0	410.0	1289.0	6750.0	5274.0	14214.0
INDIANA	262.0	86.0	348.0	848.0	4047.0	4745.0	10336.0
IOWA	128.0			633.0	8153.0	13376.0	22290.0
KANSAS	158.0	47.0	90.0	656.0	7472.0	10924.0	19347.0
KENTUCKY	146.0	82.0	362.0	580.0	3179.0	6951.0	11300.0
LOUISIANA	110.0		121.0	535.0	2358.0	6805.0	9929.0
MAINE	21.9	20.2	-	269.0	775.5	276.4	1363.0
MARYLAND	150.7	94.7	34.8	170.7	610.1		1061.0
MASSACHUSETTS	336.2	197.9	25.7	180.4	181.0		921.2
MICHIGAN	420.0	204.0	273.0	719.0	6039.0	16095.0	23750.0
MINNESOTA	170.0	67.0	276.0	697.0	8133.0	15109.0	24452.0
MISSISSIPPI	115.0			565.0	4994.0	11324.0	16998.0
MISSOURI	315.3	203.4		826.2	6097.0	17573.1	25015.0
MONTANA	46.0			1101.0	5289.0	3030.0	9466.0
NEBRASKA	36.0			444.0	6687.0	5124.0	12291.0
NEVADA	46.3	27.2	27.1	499.2	1668.2	2112.9	4380.9
NEW HAMPSHIRE	39.2	20.8	28.7	161.0	313.1	85.8	648.6
NEW JERSEY	242.0	201.0	97.0	127.0	266.0		933.0
NEW MEXICO	82.0		70.0	916.0	2624.0	3316.0	7009.0
NEW YORK	529.0	504.0	1333.0	861.0	5573.0	5501.0	14299.0
NORTH CAROLINA	158.0	260.0		641.0	3545.0	10189.0	14790.0
NORTH DAKOTA	28.0			533.0	5291.0	4305.0	10167.0
OHIO	668.5	171.5	1289.3	879.4	4549.7	11057.9	18616.3
OKLAHOMA	138.0	163.0		673.0	5290.0	5933.0	12197.0
OREGON	131.0	49.0	75.0	585.0	4393.0	8453.0	13686.0
PENNSYLVANIA	337.0	286.0	579.0	1168.0	5153.0	2687.0	10210.0
PUERTO RICO	30.0	39.3		49.6	31.1		150.0
RHODE ISLAND	29.3	22.0		29.9			81.2
SOUTH CAROLINA	109.0		185.0	647.0	4281.0	7034.0	12256.0
SOUTH DAKOTA	42.0		48.0	636.0	5703.0	7387.0	13816.0
TENNESSEE	248.0		272.0	783.0	4284.0	3287.0	8874.0
TEXAS	923.0	552.0	1351.0	2261.0	14790.0	33647.0	53544.0
UTAH	124.0	11.0	100.0	675.0	2040.0	1050.0	4000.0
VERMONT	34.5			285.8	50.2		370.5
VIRGINIA	226.0	97.0	175.0	798.0	4524.0	8933.0	14753.0
WASHINGTON	234.0	151.0		502.0	3546.0	417.0	4850.0
WEST VIRGINIA	77.4		255.2	389.5	2062.0	4511.6	7295.7
WISCONSIN	111.0	175.0		466.0	7608.0	11494.0	19854.0
WYOMING	49.9			863.8	2793.4	2172.4	5879.5
TOTALS	9972.4	5113.2	12254.4	31740.5	203940.0	301482.8	564503.3

FOOTNOTES

A BLANK SPACE INDICATES NO SPEED MONITORING REQUIRED OR PERFORMED.

ADVISORY COMMITTEE

SENATOR LAUTENBERG: List the NHTSA advisory committees, the goals of each and the amount of funds spent in fiscal years 1986 and 1987 for advisory committee activities and planned for fiscal year 1988.

ANSWER: NHTSA sponsors two advisory committees, the National Highway Safety Advisory Committee (NHSAC) and the National Driver Register Advisory Committee (NDRAC). The National Highway Safety Advisory Committee advises the Department on issues related to highway safety programs carried out by the Department. The NHSAC provides a forum for the exchange of information and prepares reports with recommendations on highway safety issues. In FY-86 the NHSAC spent $14,500 for travel, compensation and transcripts. No funds were expended in FY-87 for the NHSAC as mandated by a provision in the FY 1987 appropriations bill. Activities for FY-88 will depend on whether funding is restored to the Committee.

The National Driver Register Advisory Committee advises the Department on the operation and maintenance of the National Driver Register. The NDRAC ensures that timely and appropriate assistance is being provided to States in exchanging information on motor vehicle driving records. In FY-86 the NDRAC spent $3,640 for travel and transcripts. So far in FY-87 the NDRAC has spent $4,450. An additional $6,000 is expected to be spent, bringing the FY-87 total to $10,450. It is estimated that $13,000 will be required in FY-88 for NDRAC activities.

The Department is in the process of establishing the Motor Vehicle Safety Research Advisory Committee. This Committee will provide information, advice and recommendations on matters relating to motor vehicle safety research. The estimated annual cost for this Committee is $8,000.

SENATOR LAUTENBERG: What is the Driver License Compact Commission?

ANSWER: The Driver License Compact Commission (DLCC) is an organization of State motor vehicle administrators whose States have adopted the Driver License Compact (DLC). Members of the DLC are committed to uphold:

1. the "one driver license" concept, which requires the surrender of an out-of-State driver license when application for a new license is made;
2. the "one driver record" concept, which requires that each driver have one complete driving record, in order to determine driving eligibility in both the home State and other jurisdictions.
3. the reporting of certain traffic convictions and license suspensions or revocations of out-of-State drivers to the home State licensing agency, as well as other appropriate information and;
4. the assurance of uniform and predictable treatment of drivers by treating offenses committed in other States as though they had been committed in the home State.

SENATOR LAUTENBERG: Who are members?

ANSWER: The motor vehicle administrators of the following 35 States and the District of Columbia are members of the DLCC:

Alabama
Arkansas
Delaware
Hawaii
Indiana
Louisiana
Missouri
Nevada
New Mexico
Oklahoma
Tennessee
Washington
Alaska
California
District of Columbia
Idaho
Iowa
Maine
Montana
New Hampshire
New York
Oregon
Utah
West Virginia
Arizona
Colorado
Florida
Illinois
Kansas
Mississippi
Nebraska
New Jersey
North Dakota
Rhode Island
Virginia
Wyoming

SENATOR LAUTENBERG: What does it do and does NHTSA provide financial or manpower support?

ANSWER: The DLCC administers the DLC, provides services to the States such as the development of an operations manual and a simplified form of enabling legislation, and promotes membership of nonmember States in the DLC. The National Highway Traffic Safety Administration has provided financial assistance to the DLCC to support its activities. The American Association of Motor Vehicle Administrators acts as its secretariat. The NHTSA does not provide manpower support.

EMPLOYEE AWARD

SENATOR LAUTENBERG: List all employees receiving Senior Executive Service Bonus Awards for Fiscal Years 1985 and 1986 (with amounts).

ANSWER: The employees receiving Senior Executive Service Bonus Awards for Fiscal Year 1985 and 1986 are as follows:

Fiscal Year 1985		
Felrice, Barry	Associate Administrator for Rulemaking	$9,475
Parker, George L.	Associate Administrator for Enforcement	6,075
Reagle, George L.	Associate Administrator for Traffic Safety Programs	6,075
Boehly, William	Director, Office of Market Incentives (Rulemaking)	5,925
Smolkin, Howard M.	Deputy Administrator	4,125
Spielberger, Adele	Director, Office of Driver and Pedestrian Research (Research and Development)	3,925
Allen, David W.	Assistant Chief Counsel (Litigations)	3,925
Davis, Philip	Chief, Crashworthiness Research Division (Research and Development)	3,925
Brownlee, Michael	Director, Office of Occupant Protection (Traffic Safety Programs)	3,925
	TOTAL	$47,375
Fiscal Year 1986		
Spielberger, Adele	Associate Administrator for Plans and Policy	$6,140
Boehly, William	Director, Office of Market Incentives (Rulemaking)	5,980
Allen, David W.	Assistant Chief Counsel (Litigations)	5,980
Brownlee, Michael	Director, Office of Occupant Protection (Traffic Safety Programs)	5,980
Smolkin, Howard M.	Managing Director	4,130
Reagle, George L.	Associate Administrator for Traffic Safety Programs	4,020
Parker, George L.	Associate Administrator for Enforcement	4,020
Kranidas, Ellen	Director, Office of Regulatory Analysis (Plans and Policy)	3,920
	TOTAL	$40,170

SENATOR LAUTENBERG: What is the amount budgeted for Fiscal Year 1988?

ANSWER: The amount budgeted for Fiscal Year 1988 is $50,000.

SECTION 408 - ALCOHOL SAFETY GRANTS

SENATOR LAUTENBERG: List by State the amount of grants for which States were eligible (both basic and supplemental) and how much each obligated for fiscal years 1984, 1985, and 1986.

ANSWER: Following is a listing of the amount of grants for which States had qualified for through FY 1986:

STATE	FIRST YEAR OF AWARD	AVAILABLE PER YEAR	3 YEAR TOTAL
AK	FY 84	262,000	786,000
AZ	FY 84	701,413	701,413*
DE	FY 84	262,000	786,000
IN	FY 84	1,206,503	3,619,509
ME	FY 84	262,000	786,000
MS	FY 84	646,055	1,938,165
MT	FY 84	363,265	1,089,795
NV	FY 84	273,488	820,464
NH	FY 84	262,000	786,000
NJ	FY 84	796,474	2,389,422**
NM	FY 84	389,777	1,169,331
ND	FY 84	387,264	1,161,792
RI	FY 84	262,000	786,000
UT	FY 84	383,915	1,151,745
AL	FY 85	556,418	1,669,254**
LA	FY 85	879,927	2,639,781
WA	FY 86	572,533	1,717,599**
Totals		$8,467,032	$23,998,270

* Arizona qualified in FY 1984 only.

**AL, NJ and WA have qualified for basic grant only.

The amounts obligated for each State for fiscal years 1984, 1985, and 1986 are as follows:

STATE	FY 1984	FY 1985	FY 1986	TOTALS
AK	0	262,000	262,000	524,000
AZ	701,413	0	0	701,413
DE	262,000	0	262,000	524,000
IN	1,206,503	1,206,503	1,206,503	3,619,509
ME	262,000	262,000	262,000	786,000
MS	0	1,29,2110	646,055	1,938,165
MT	363,265	36,3265	363,265	1,089,795
NV	273,488	27,3488	273,488	820,464
NH	262,000	26,2000	262,000	786,000
NJ	796,474	0	1,592,948	2,389,422
NM	0	77,9554	389,777	1,161,792
ND	387,264	387,264	387,264	1,169,331
RI	262,000	262,000	262,000	786,000

UT	383,915	0	767,830	1,151,745
AL	0	56,372	1,612,882	1,669,254
LA	0	879,927	1,759,854	2,639,781
WA	0	0	1,717,599	1,717,599
	$5,160,322	$6,286,483	$12,027,465	$23,474,270

SENATOR LAUTENBERG: Provide by State the same information for fiscal years 1987 and 1988 with the agency's estimates that support the estimated obligation levels of $14.4 million in each of the years.

ANSWER: It is not possible to say, with certainty, which States will pass the legislation required for Section 408 funds until they actually do so. States which are currently qualified will obligate $524,000 of FY 1987 funds, under current law. At least ten States are currently pursuing legislation which would qualify them for Section 408 funds in FY 1987 or are already very close to qualifying. These States, if they all qualified for basic and supplemental grants, would qualify for approximately $10.6 million per year or $31.3 million over a three year period.

It is unlikely that all of the above will qualify for both basic and supplemental grants. However, there are currently at least seven additional States which appear to be pursuing necessary legislation which could make them qualified in FY 1988.

Because of the additional obligations resulting from the 2 year extension of eligibility for 408 grants, it is likely that the estimated obligation levels for FY 1987 and FY 1988 of $14.4 million will be exceeded. Our best estimate is that we will obligate the full amount allowed by our obligation limits of $16.15 million in FY 1987 and $17.9 million in FY 1988.

SENATOR LAUTENBERG: Have any States qualified for, received and obligated funds under the third tier established by Public Law 98-363?

ANSWER: Public law 98-363, which was enacted on July 17, 1984, provided for an additional grant type called a Special Grant, to the §408 program. This Special Grant provides that a State may qualify for additional funding of five percent of the amount apportioned to it for FY 1984 under §402 and §408 of Title 23. In order to qualify, the State must adopt tough DWI sentencing legislation (e.g., minimum "hard" suspension of 90 days and 48 hours imprisonment or 100 hours of community service for first offenders, minimum "hard" suspension of one year and imprisonment for 10 days for second offenders, etc.).

No States have qualified for the Special Grant provided for by PL 98-363.

SENATOR LAUTENBERG: How many States and which ones (in addition to those receiving the basic 408 grant) have:

- prompt license suspension
- mandatory sentencing; and
- .10 percent alcohol blood level *per se*?

ANSWER: Six States (in addition to those currently qualified for a basic 408 grant) have prompt suspension *and* mandatory jail sanctions for repeat offenders *and* illegal *per se* at .10% or less BAC. They are: Illinois, Iowa, Missouri, North Carolina, Oregon and West Virginia. In each of these States, there is at least one aspect of such legislation which does not meet the requirements of Section 408.

SENATOR LAUTENBERG: Which States have implemented the other criteria necessary for supplemental grant funding? (List the State and the additional criteria of the twenty-two that the State has implemented.)

ANSWER: Thirteen States currently qualify for supplemental grants, in addition to basic 408 grants. The States and the supplemental criteria for which they qualify are as follows:

STATES	SUPPLEMENTAL CRITERIA IMPLEMENTED
AK	1, 2, 3, 4, 5, 6, 7, 8, 10, 12, 14, 15
DE	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, 15, 16, 17, 19, 21
IN	1, 2, 3, 4, 6, 8, 11, 12, 14, 15, 19, 20, 21, 22
LA	1, 2, 3, 4, 5, 6, 7, 8, 12, 14, 19, 20
ME	1, 2, 3, 4, 5, 7, 8, 10, 11, 15, 20, 21
MS	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 14, 15, 16, 19, 21
MT	2, 3, 5, 6, 7, 8, 10, 11, 12, 14, 20, 21
NV	1, 2, 3, 4, 6, 7, 11, 12, 14, 15, 16, 19
NH	1, 2, 3, 4, 5, 6, 7, 12, 14, 15, 16, 17, 19, 21
NM	1, 2, 3, 4, 5, 7, 11, 14, 16, 19, 20, 21
ND	1, 2, 3, 4, 5, 8, 12, 14, 15, 19, 20, 21
RI	1, 2, 3, 4, 7, 8, 10, 11, 12, 14, 15, 20
UT	1, 2, 3, 4, 6, 7, 8, 10, 11, 17, 19, 20

A brief description of each criterion is as follows:

CRITERION	ACTIVITY OR CONDITION
1	21 Minimum Drinking Age
2	Statewide Program Coordination
3	Rehabilitation and Treatment Program
4	State Task Force
5	Accessible, Adequate Statewide Driver Record System
6	Local Coordination in all Major Subdivisions
7	Prevention and Education Programs
8	Pre/Post Sentence Screening
9	Statewide Evaluation System
10	Self-Sufficiency Plan
11	Use of Roadside Sobriety Checkpoints
12	Citizen Reporting Program
13	.08 Presumptive Law
14	One License/One Record Policy, Participate in NDR
15	Authorize Use of PBT
16	Limitations of Plea Bargaining
17	Victim Assistance/Restitution, Victim Impact Status
18	Mandatory Impoundment/Confiscation of License Plate
19	Enable Officer to Choose Type of BAC Test
20	Liability For Serving Alcohol to Impaired Persons
21	Use of Innovative Programs
22	Programs Relating to Use of Controlled Substances

SECTION 209 - EDUCATION AND INFORMATION

SENATOR LAUTENBERG: Why has NHTSA requested that the Section 209 obligation limitation be extended through Fiscal Year 1988?

ANSWER: The agency is in the process of final evaluation of several pilot projects required by the legislation. The legislation directed the results of the Section 209 program be reported to Congress. This report to Congress, outlining the techniques, methods and practices determined to be most effective, must be submitted prior to considering a national highway safety campaign. We do not anticipate that a national campaign would begin within fiscal year 1988, and have therefore proposed continuing the present limitation on obligations.

SENATOR LAUTENBERG: Haven't all the funds ($4.75 million) been obligated?

ANSWER: Yes, the full amount of $4.75 million has been obligated.

SENATOR LAUTENBERG: What have been the results of the contracts already awarded? (How much of the award for each one has actually been spent?)

ANSWER: The 209 projects are in the final stages. The preliminary results and current expenditures are:

Safety Belts/Child Safety Seats

1. Contractor: The Traffic Institute, Northwestern University
   Evanston, Illinois
   Test sites: Rockford and Peoria, Illinois
   209 Funds Awarded: $461,985; Expended to Date: $430,000

The contractor's final draft program report is being prepared. Soon after the project was awarded, Illinois enacted a safety belt use law which has made it difficult to determine the effect of the 209 project activity. However, after the law took effect, the safety belt use rate in Rockford ranged from 2 to 23 percent higher than the overall State use rate. After five months of project activity, safety belt use in Rockford had increased 37.8 percent, from 13.5 to 51.3 percent, before declining to 38.1 percent at project end. In the other test site, Peoria, the use rate at the project start was 16.6 percent increasing to a high of 55.5 percent, with a decrease to 49.5 percent usage by project end. The Peoria experience parallels the statewide usage following enactment.

2. Contractor: Pennsylvania Department of Transportation
   Harrisburg, PA
   Test sites: Altoona (Blair County) and Wilkes-Barre (Luzerne County)
   209 Funds Awarded: $483,797; Expended to Date: $483,797

The draft final report is currently under review by NHTSA.

This pilot project showed increased safety belt usage from 13% to 30% in the paid advertising site, but only a 6% increase in usage in the public service announcement location.

Youth Highway Safety

1. Contractor: Morris and Company, Chevy Chase, Maryland
   Test sites: Eau Claire and Green Bay, WI
   208 Funds Awarded: $580,100; Expended to Date: $557,941

The contractor's draft report has been submitted to NHTSA and is under review. Specifically, both experimental sites in

Wisconsin (Eau Claire and Green Bay) showed improvements with respect to the major intermediate measure of project success--self-reported frequency of having driven after some drinking was down about 10 percent; and having driven while under the influence was down 35 to 40 percent. There was no apparent advantage to one media strategy--paid advertising or public service announcements--over the other. Self-reported use of safety belts increased in the experimental sites in Wisconsin.

2. Contractor: University of Kansas, School of Business
   Lawrence, KS
   Test sites: Wichita and Kansas City, Kansas
   209 Funds Awarded: $464,362; Expended to Date: $434,178

The contractor is preparing a draft of its final report, but preliminary discussions indicate similar findings as in the Wisconsin test sites.

Emergency Medical Services

Contractor: Abt Associates, Inc., Cambridge, MA
Test sites: Charleston, South Carolina and Savannah, GA
209 Funds Awarded: $929,233; Expended to Date: $851,874

The traffic accident deaths and injuries data are still being analyzed by the contractor and the final draft report is being prepared. The preliminary data on the results of the media campaign shows that both the paid and the public service media campaigns were successful in increasing the public's awareness and knowledge of Emergency Medical Services (EMS), with the most effective medium being television.

Law Enforcement

Contractor: Systan, Inc., Los Altos, CA
Test sites: Sacramento and Bakersfield, CA
209 Funds Awarded: $786,761; Expended to Date: $732,931

The contractor's final draft report is currently under review in NHTSA. However, the results show a significant increase in drunk driving awareness when comparing the paid advertising site with the public announcement site. Additionally, the proportion of drinking drivers involved in crashes, and the percentage of intoxicated drivers among fatally injured drivers at the paid site dropped to its lowest level over the 6 year data collection period during the second quarter of the project before returning to pre-project levels.

National Drunk Driving Project

Contractor: The Advertising Council, Inc., New York
Test site: Springfield, Missouri
209 Funds Awarded: $1,042,891; Expended to Date: $1,040,802

The contractor's final draft report is currently under review in NHTSA. The results of the project show a reduction in alcohol related crashes and fatalities and a positive shift in citizen attitudes towards drunk driving.

SENATOR LAUTENBERG: At one time, NHTSA and the automotive industry was predicting a 25 percent reduction in occupant fatalities in States that passed seat belt laws. In eight States that had belt use laws in effect in 1985, there were 7 percent fewer front-seat occupant fatalities versus the previous year (page 69 of justification).

SENATOR LAUTENBERG: How do you explain the discrepancy?

ANSWER: The Agency has not made a prediction of the fatality reduction expected in states that pass safety belt use laws. The 25 percent reduction that some people have estimated could be based on an approximate 50-60 percent increase in usage and 40-50 percent effectiveness of belts in preventing fatalities. Up to now, only two States have increased use rates by as much as 50 percent. Safety belt use rate increases are commonly in the 20-30 percent range.

It also appears that the first people to buckle up under a safety belt use law are less likely to be killed and injured in vehicle crashes. As safety belt use rates rise above current levels, the rate of death and injury reduction should increase substantially. That is why the Agency is concentrating on increasing usage in States with belt use laws.

SENATOR LAUTENBERG: Do you still believe the 25 percent figure to be accurate?

ANSWER: Again, the Agency has not made such a projection. However, when safety belt use rates are uniformly in the 70-80 percent range, those kinds of fatality reductions may be possible. For example, with the United Kingdom's pre-law usage of 40% and post-law usage of 95%, fatalities were estimated to have declined 32% and serious injuries 38% after the law had been in effect a couple of years. Projections of this type are difficult to make because fatality levels are affected by many other factors, including vehicle miles traveled, drunk and drugged driving enforcement, whether average speed is changing and other factors. As experience is gained with increased safety belt use in States with laws, a better assessment of the laws' effect on reducing fatalities should be possible.

NATIONAL DRIVER REGISTER (NDR)

SENATOR LAUTENBERG: The NDR has been looked at to provide a screen for railroad locomotive engineer licensing and commercial truck driver federal licensing and airline pilot screening.

SENATOR LAUTENBERG: Can the existing Register be used with confidence for these purposes? If not, why not?

ANSWER: The existing NDR can be used together with other relevant information as part of a screening process. However, it is important to understand how the NDR works and its present limitations.

The existing NDR is a national listing of drivers whose motor vehicle operator licenses have been suspended or revoked. The States participate voluntarily by submitting records of such license suspension/revocation actions to be entered on the NDR, and by requesting searches of the NDR on individuals applying or re-applying for motor vehicle licenses in their States. Under the existing statutes the NDR can be used only in connection with highway safety needs.

Each record on the existing NDR contains 2 types of information: (1) identifying data needed for the matching process (determining if the individual identified on the inquiry record may be the same one identified on a NDR file record), and (2)

substantive data which describes the adverse action (license suspension/revocation) taken by the reporting State. The new NDR being implemented pursuant to the 1982 NDR legislation will only contain the identifying data, but will indicate, or "point" to, the State that took the action and therefore contains the substantive data. The system will essentially serve as an on-line switchboard to refer inquiring States to the proper source of information.

Because the existing Register depends on the States to maintain it, the data are not always current. Some States do not routinely notify the NDR when they restore a license or rescind a prior suspension action. The new NDR will eliminate much of the data reliability problem because the substantive data will remain with the States, thus the data will be as current as possible.

Another limitation is the uncertainty of the matches produced from file inquiries. The matches resulting from NDR file checks are only "probable" identifications, therefore the person named on the match record may or may not be the same person about whom the inquiry was made. Additional information usually must be obtained to make this determination. The States have historically supplemented NDR data with a certified copy of the affected individual's driving record from the State identified in the NDR match before making a final licensing decision.

A further limitation is the incompleteness of the data. Some alcohol related violations may go undetected because of variable drunk driving definitions, penalties, etc. among the States. Also, the existing NDR is limited to records of license suspensions and revocations. The new NDR will be more complete in that regard because it will identify individuals who have committed certain serious traffic offenses (such as drunk driving) regardless of whether their licenses have been suspended or revoked.

Finally, the existing NDR legislation would require amendment to permit use for broader transportation safety needs to remove the current highway safety limitation.

SENATOR LAUTENBERG: What can be done to upgrade the data contained in the Register and to make all States participate?

ANSWER: The new system being implemented pursuant to the 1982 NDR legislation, called the Problem Driver Pointer system (PDPS), is intended to improve overall data reliability. Under the PDPS concept, the substantive data on license suspensions and traffic violations will be retained by the States and NHTSA will serve as an on-line "switchboard".
Participation remains voluntary under the 1982 law. The States themselves were strong advocates for Congressional action to improve the Register. The agency therefore believes that more use will be made of the new system, especially those States that issue a permanent license "over-the-counter" and require the immediate response capability of the new system. Implementation of service improvements with the new system should bring corresponding improvements in State participation. We also note that the Commercial Motor Vehicle Safety Act of 1986 will require States to use the new NDR for purposes of licensing truck and bus drivers, thus in effect requiring their participation in the NDR.

In the meantime, we are continuing to work with individual States to improve the quality of the records they provide to the current NDR system. For example, several States have provided a

"clean file" to the NDR whereby all existing NDR records were replaced with a copy of those States' current records of suspensions and revocations. Additionally, several States have begun providing on a regular basis notices of license reinstatements.

SENATOR LAUTENBERG: States can use their 402 safety grants for traffic records.

SENATOR LAUTENBERG: How much do States use to upgrade their traffic records for participation in the National Driver Register?

ANSWER: We do not have precise figures but we estimate that during Fiscal Year 1986, about 16 percent of the ten percent set-aside funds, or about 2.1 million dollars, were used by the States for NDR related projects.

SENATOR LAUTENBERG: Are these States both inputters to the system and users of the system?

ANSWER: All of the States that received ten percent set-aside funds in Fiscal Year 1986 send data to and receive information from the NDR.

DRUNK AND DRUGGED DRIVING EFFORTS

SENATOR LAUTENBERG: Ms. Steed, you present some chilling statistics in your budget justification regarding drunk driving. It is the nation's most serious safety problem - 430 people are killed each week, 61 people are killed each day, and one person dies every 23 minutes in alcohol related crashes.

SENATOR LAUTENBERG: Given this background please explain NHTSA's strategy to fighting drunk driving in fiscal year 1988.

ANSWER: The agency is employing two major approaches to combat drunk driving. The first approach involves general deterrence. This refers to efforts to maintain a high perceived probability that a person who drives while intoxicated will be arrested, prosecuted and sanctioned for this behavior. Two very important components of this general deterrence approach are: (1) high level, highly publicized enforcement and (2) prompt license suspension for those found to be driving with a BAC of .10% or greater.

The second approach involves preventing potential drunk driving situations and intervening in such situations when they occur. The National Minimum Drinking Age (MDA) law provides a good example of prevention by reducing exposure of young people to drinking. We are providing a number of educational and peer-training programs to support the 21 MDA. The TEAM program also represents one of our primary efforts to prevent drunk driving situations among adults and youth by: (a) promoting more responsible alcohol serving and alcohol use policies in public facilities and (b) promoting intervention messages such as designated driver and not letting friends drive drunk. This program is currently being expanded from the National Basketball Association (NBA) to Major League Baseball (MLB). There are many additional such prevention and intervention efforts currently being pursued by the agency.

SENATOR LAUTENBERG: What proportion of the 1988 request is to combat drunk driving? (What offices, what programs, what amounts of funds)

ANSWER: There are three Offices in NHTSA that conduct traffic safety demonstration and research programs relative to alcohol countermeasures. These are the Office of Alcohol and State Programs and the Office of Enforcement and Emergency Services within the TSP Programs Office and the Office of Driver and Pedestrian Research within the Research and Development Office.

The Office of Alcohol and State Programs has a total budget of $2.577 million. Of that total, $2.465 million or 95.7% is dedicated to combat drunk driving.

The Office of Enforcement and Emergency Services has a total budget of $1.050 million for FY 1988. Of that total, $140,000 or 13.3% is allocated to combat drunk driving.

The Office of Driver and Pedestrian Research has a total budget of $2.8 million for FY 1988. Of that total $1.55 million or 55% is dedicated to combat drunk driving.

In addition, NHTSA also provides §402 and §408 funds to the States to combat drunk driving. With regard to §402 funds, the States select their own priorities. We expect that in FY 1988, the States will spend between 35% and 40% of their §402 funds on the drunk driving problem. That would amount to be between $35 million and $40 million. With regard to §408 funds, we do expect additional States to qualify in FY 1988 and our budget provides $17.9 million for that purpose.

SENATOR LAUTENBERG: What is NHTSA's latest data on drunk driving progress?

ANSWER: We continue to see evidence indicating that the combined efforts of federal, State and local governments, and the private sector, on the drunk driving problem are paying off.

Complete fatality data for all of 1986 are not yet available, but from 1980 to 1985, the number of fatally injured drivers who were intoxicated (BAC of .10 percent or above) dropped from more than 13,000 in 1980 to 9,700 in 1985, a decline of over 25 percent.

While data for all of 1986 are not available, the percentage of intoxicated drivers involved in fatal traffic crashes has continued to decline through the first half of 1986.

SENATOR LAUTENBERG: In the rail industry, testing for alcohol and drugs is mandatory after a fatal accident.

SENATOR LAUTENBERG: How many States now require mandatory testing in serious injury or fatal accidents for alcohol or drug presence?

ANSWER: No States currently require that <u>all</u> drivers involved in fatal (or serious) accidents be tested for the presence of alcohol and/or other drugs. Eight States authorize a BAC test, without the consent of the driver, for drivers <u>arrested</u> for DWI in a fatal or serious crash. As a matter of procedure four States actually test all or nearly all surviving, as well as fatally injured, drivers in fatal crashes.

Eighty percent of the States currently require testing <u>all fatally injured</u> drivers. This does not mean that such testing always occurs. However, at least thirty-two States conduct such tests for eighty percent (or more) of their fatally injured drivers.

There are a number of reasons why testing of drivers in fatal crashes does not always occur. In some cases, the drivers do not die immediately. They live past the four-hour period that is critical for BAC testing. Sometimes the treatment provided for severely injured drivers confounds the results of a chemical test for alcohol or drugs. In addition, doctors are often reluctant to take blood samples from seriously injured patients while they are working to help them survive.

SENATOR LAUTENBERG: Do you support mandatory testing in these cases?

ANSWER: Yes. The agency feels that the problems posed to society by drunk driving are of such magnitude that drivers involved in fatal and serious crashes should be tested for the presence of alcohol and/or other drugs.

SENATOR LAUTENBERG: If so, what are you (NHTSA) doing in this area?

ANSWER: NHTSA, through its Regional Offices, has been working with the States over the years to improve BAC reporting levels. The agency has encouraged the use of §402 funds and most recently, §408 funds for the purpose of enhancing the level of reporting of alcohol and/or other drug usage in fatal and serious injury crashes. As a result, there has been significant progress and improvement in BAC reporting on fatally injured drivers. As recently as 1975, only 7 States were reporting 80 percent or more of the BAC's of fatally injured drivers. By 1980, the number of States reporting at the 80% level had increased to 15 and as recently as 1985, 32 States had reached that level.

SENATOR LAUTENBERG: Recently the Insurance Institute for Highway Safety came out with preliminary data on drug use by commercial truck drivers. What is the nature and magnitude of the drug-impaired driving problem?

ANSWER: There is minimal information available on the nature and magnitude of the problem. Laboratory studies have shown that some drugs can impair performance on tasks similar to driving. Drugs have been found in from 10 percent to 25 percent of serious and fatally injured crash involved drivers, usually in combination with high levels of alcohol. These data indicate that drugs are a potentially serious highway safety problem. However, it is not known if drugs were the causal factor in these crashes or whether their presence was incidental. Both accident investigation and driving simulator research studies designed to provide better information are planned for initiation in FY 1987. In addition, the agency has undertaken work to help police detect drug impaired drivers.

There is also little information available on the role drugs play in commercial truck driver crashes in particular. As regards the Insurance Institute for Highway Safety (IIHS) study on drug use by commercial truck drivers, the results are difficult to interpret. The data were collected at only one truck stop over a one week period. How representative these data are of the population of truck drivers in the United States is not clear. IIHS found 30 percent drug incidence based on urine testing. The blood tests revealed a much lower drug incidence (e.g., 3 percent for marihuana in blood vs 14 percent in urine). As far as potential impairment is concerned, it can be assumed that

if the drug shows up in blood it has been recently ingested and may cause impairment. However, drugs found in urine may have been consumed many days prior to driving, and may not indicate impairment .

As you are aware, the agency is currently working with the Federal Highway Administration on a Heavy Truck Safety Study which will be submitted to Congress shortly.

SENATOR LAUTENBERG: What is the research effort for fiscal year 1988 in the drug-impaired driving area? (dollars personnel, contracts, etc.)

ANSWER: The drug research effort in FY 1988 will be focused on identification of the specific drugs (and associated dosage levels) that increase crash risk, and the extent of this increased crash risk for automobile drivers. Funding for FY 1988 is $470,000, in-house personnel assigned to this research activity amounts to three quarters of a full time staffer, and the projects planned for FY 1988 are described below:

o A study is planned for initiation in FY 1987 and continuation in FY 1988 and FY 1989 that will determine the frequency with which drugs are found in fatally injured drivers in five regions of the country. Blood samples will be obtained from a sample of 2,000 2,500 fatally injured drivers who died within 2 hours of the accident, and analyzed for selected drugs (e.g., marihuana, cocaine, valium, etc.). Police report data associated with the accidents will be used in an attempt to determine the degree to which the identified drugs contributed to causing the accident.

o A study will be initiated in FY 1987 and continued in FY 1988 to determine the effect of three drugs (tranquilizer, barbiturate, antihistimaine) on driving performance as measured in a driving simulator. This will be a joint U.S./German effort using the very "realistic" driving simulator developed by Mercedes-Benz. Volunteer subjects will be given varying drug dosages and the effects on driving behavior (e.g., ability to stay on road, avoid obstacles in the road, etc.) will be recorded.

o A study that will determine the effects of marihuana on the behavior of drivers operating specially instrumented "dual controlled" vehicles is planned for FY 1988. The effects of various doses of marihuana on the performance of drivers operating this vehicle in controlled situations will be recorded.

SENATOR LAUTENBERG: In the Highway Safety, Alcohol and State Programs effort funding decreases 21 percent from almost 3 million dollars to 2.4 million dollars.

SENATOR LAUTENBERG: Why?

ANSWER: The amount requested for the base program in FY 1988 was approximately the same ($2.577 million) as the original FY 1987 Congressional request ($2.527 million). In FY 1987, additional money was earmarked for a special program called Techniques for Effective Alcohol Management (TEAM) program.

In FY 1988 the emphasis on TEAM will be continued. We intend to implement community programs with TEAM arenas and stadia as focal points. This effort will be adequately supported at the FY 1988 request level. We expect that 403 funds will be supplemented by the States both with 402 funds and with private funds.

SPEED

SENATOR LAUTENBERG: Ms. Steed, page 56 of your budget justification states "that 85 percent of all motor vehicle crashes involve some type of moving violations in the part of the operator. Analysis of serious traffic crashes reveal that excessive speed and alcohol use continue to be predominant causative factors in these collisions."

Given that please give the Committee examples of speed control programs that NHTSA itself has carried out the past few years.

ANSWER: During the past few years the agency has focused on assisting the States to improve speed enforcement technology. Particular emphasis has been placed on improving speed measurement testing by developing: (1) a model basic training program in Radar Speed Measurement - a Course Administrator's Guide and Instructor's Lesson Plan with support material; (2) in conjunction with the National Bureau of Standards and the International Association of Chiefs of Police, model Performance Specifications for Police Traffic Radar Devices; and (3) processes for testing new products against the model performance specifications for qualification on the consumer products list. In addition, the agency has provided technical assistance to State law enforcement agencies on speed enforcement issues affecting their agency, and in developing performance measurement criteria. The agency has underway this year: (1) a study to determine the impact of radar detector use on highway safety and compliance with posted speed limits; (2) an evaluation of the cost/benefit of using fixed wing aircraft in traffic law enforcement with emphasis on speed compliance, and (3) continued support of the radar testing program.

SENATOR LAUTENBERG: What speed control programs do you intend to carry out in Fiscal Year 1988?

ANSWER: In Fiscal Year 1988 the agency will encourage and assist the States to implement the public information strategies and educational programs that have been shown to be effective in gaining community support for speed enforcement efforts. The agency will develop a model manual on innovative approaches in conducting speed enforcement to include new technology, manpower deployment strategies, and public information support strategies to enhance the enforcement efforts. Also planned are projects for interjurisdictional selective traffic enforcement on speed; safety belts and DUI; speed measuring device testing; and technical assistance to States on speed enforcement issues. In addition, the agency will work with the national law enforcement associations and other highway safety networks to promote and gain strong support for reducing speed related crashes. New strategies and technology will be provided to the States/communities on methods to raise the emphasis on speed enforcement to a high priority similar to the drunk driving and safety belt programs. This emphasis will be placed on compliance with all posted speed limits and is aimed at integrating speed, drunk driving, safety belt use, and child passenger safety use, into a total traffic enforcement program. Speed enforcement will be an integral part of the community based traffic safety programs that will be expanded in Fiscal Year 1988. The agency will place further emphasis on this issue by sending a personal letter from the Administrator to each Governor's Highway Safety Representative outlining suggested strategies and

encouraging them to give speed enforcement a priority emphasis in developing their Highway Safety Plans. The need to increase the emphasis on speed enforcement will be included on the agenda of regional workshops with State/local law enforcement agencies as well.

SENATOR LAUTENBERG: What has NHTSA done to zero in on speed as a risk factor?

ANSWER: For the last few years, the agency has placed a higher emphasis and priority on drunk driving and safety belt usage programs because of their potential for a higher payoff and the public's perception of a major problem. This focus has changed this year. Assistance is being provided to the States to improve crash data analysis to help develop more precise information as to what extent speed is a contributing factor in crashes and occupant injuries. States are being encouraged to expand the use of speed surveys at locations with high crash experience to determine whether excessive speed is a contributing factor in these crashes. The agency is making enforcement of all posted speed limits a priority emphasis similar to that placed on drunk driving and safety belt programs. Every effort will be made to integrate speed, drunk driving, safety belt and child safety seat use, into a total traffic enforcement program.

SENATOR LAUTENBERG: What programs do you have underway this year and planned for FY 1988 that educates the public regarding speed limit compliance (from school zones to rural interstates)?

ANSWER: The agency has underway this year a project to identify new public information strategies and educational materials to assist State and local communities and support speed enforcement efforts, to increase public awareness of the danger of speeding in relation to crashes, and to increase the public's perception of risk. In addition the agency will be working with the national law enforcement associations and other highway safety networks to encourage them to support programs aimed at increasing public awareness regarding the danger of speeding. The need for complying with all posted speed limits will also be an integral part of community based traffic safety programs that will be greatly expanded in Fiscal Year 1988. The need to increase public awareness regarding speed enforcement will be included as a topic of all agency sponsored law enforcement workshops and seminars.

SENATOR LAUTENBERG: What percent of drunk driving fatalities involve excessive speed? (What are the absolute numbers to calculate this for the three most recent years that data is available.)

ANSWER: In the Fatal Accident Reporting System (FARS) vehicle speeds are reported as two separate variables. The first is a determination of vehicle travel speed which can be obtained by conducting a crash reconstruction. Because of the extensive cost for this advanced investigation, this data is rarely reported. The second category is reported as "Driver related factors." In this category, excessive speed is based on the police investigator's judgment.

Based on the FARS data for 1983, 1984, 1985, where alcohol use was identified and reported, and where speed was also recorded as a driver factor, the following percentage of drivers were involved in alcohol-related fatal crashes while speeding:

YEAR	Percentage
1985	43.5% (7,225 of 16,613)
1984	40.9% (7,058 of 17,275)
1983	42.3% (6,978 of 16,508)

TECHNIQUES OF EFFECTIVE ALCOHOL MANAGEMENT (TEAM)

SENATOR LAUTENBERG: What are the objectives (of TEAM) for involving and/or coordinating with community programs?

ANSWER: Public assembly facilities are first and foremost interested in working within their facilities to create and implement policies and procedures that will effectively reduce alcohol-related incidences and reduce drinking and driving. They also want to promote their image as a concerned entity and as a good neighbor. TEAM will provide an opportunity to develop or accelerate community programs in conjunction with facilities. During 1987, emphasis is being placed on identifying several cities and clubs that are willing to get involved in community drinking driver control programs by developing, or cooperating with, local coalitions. In addition to the efforts to select several TEAM sites for community programs, the agency will be working with citizen groups and other organizations to promote more responsible alcohol use and serving policies in their communities. Such activities will be directed to TEAM communities, whenever possible.

SENATOR LAUTENBERG: Do you believe that the public is aware of the TEAM Program?

ANSWER: The TEAM program promotes anti-drunk driving messages and responsible alcohol serving and use policies. It does not promote "TEAM" per se.

The agency believes that the public is aware of the messages being promoted by TEAM in its national awareness effort. These messages include: the designated driver; not letting a friend drive drunk and not riding with someone who is impaired by alcohol.

The agency also believes that fans who attend basketball games at National Basketball Association (NBA) facilities are aware of the changes in alcohol service and use policies being advocated by such facilities.

SENATOR LAUTENBERG: What do you base the answer on?

ANSWER: The agency's belief that people are aware of the messages being promoted in the TEAM national awareness effort is based in part on the frequency by which these messages are found in local media and in the publications of other organizations. It is also based on the fact that such messages have received approximately $3.5 million worth of prime time exposure during NBA games.

The agency's belief that fans are aware of changes in alcohol serving and use policies at NBA facilities is based on a survey conducted at four such facilities. This survey indicated that 90 percent of the fans were aware of changes in such policies.

SENATOR LAUTENBERG: What major achievements do you anticipate for fiscal years 1987 and 1988?

ANSWER: To date, the agency has completed an assessment and training demonstration program with the National Basketball Association (NBA) in seven sites. Studies conducted at four of the sites indicated that 90 percent of the fans were aware of the changes in alcohol serving and use policies in the facilities.

In addition, the agency has completed alcohol policy assessments at most Major League Baseball facilities. Overall, TEAM is currently engaged with Major League Baseball (MLB) and/or the National Basketball Association (NBA) in 31 cities in 20 States.

For the TEAM public communications program, the agency has produced four public service announcements (PSA's), print materials and a resource kit. TEAM PSA's have already received over $3.5 million in air time donated by NBA/CBS and over $50,000 in advertising space donated by NBA. Three additional public service announcements (radio and TV) will be developed with Major League Baseball in 1987, along with print materials such as a poster and tent cards.

In the community involvement area, the TEAM coalition has targeted three communities to develop and/or expand local TEAM coalition efforts. It is the coalition's belief that careful, planned and systematic growth based on documented and evaluated methods will ensure further expansion across the country.

It is anticipated that by the end of FY 1988, nearly all NBA and MLB facilities will have been assessed, will have improved policies concerning the use and serving of alcohol and will have trained their employees in the implementation of such policies. It is also anticipated that the three selected TEAM communities will have coordinated, active and viable coalitions to raise community awareness and involvement in drinking driver control programs.

SENATOR LAUTENBERG: How has or will NHTSA spend the 1987 appropriated funds of $2 million for TEAM?

ANSWER: In FY 1987 NHTSA will spend $665,000 directly on TEAM activities with over $1.3 million going to TEAM related activities.

The funds in direct support of TEAM will be used to develop public information and education materials such as public service announcements, posters, brochures, electronic board messages, live radio announcer copy and tent cards. In the evaluation area a public facility manager's self-evaluation manual will be developed and special, unique TEAM related projects at individual communities will be evaluated. Related activities include funding to expand TEAM programs and goals at the community level to provide assistance for such project activities as a part-time coordinator, employer workshops and special promotions. In addition, two major TEAM related activities included drug recognition training and strategies for speed enforcement.

The TEAM program is a national cooperative effort built on a coalition of public and private organizations. Each of these TEAM members has donated in-kind services as well as financial contributions to ensure the successful implementation of all TEAM activities at the national and local levels. For instance, the National Basketball Association has donated staff time and the use of their players for the national television campaign created for TEAM. In addition, NBA/CBS has contributed over $3.5 million for the production of the television spots and air time during nationally televised games since TEAM began. This does not include

time donated by the local CBS affiliates, GEICO Insurance, the National Automobile Dealers Association, and the Motor Vehicle Manufacturers, which have all donated funds to pay for the production of the public service announcements being used currently.

SENATOR LAUTENBERG: How will the '87 and '88 funds be spent?

ANSWER: A description of the '87 spending plan is provided in the earlier answer. In '88, the Agency plans to build upon the '87 program and will attempt to increase the financial and technical participation by the coalition comprised of public and private organizations.

SENATOR LAUTENBERG: How much staff is devoted to the TEAM project?

ANSWER: At the operational level, there are five and a half persons working part-time on TEAM assessments, training, public communications, community programming and evaluation, under the direction of a TEAM coordinator. In addition, our regional offices have provided on-site follow-up and resources in support of the TEAM effort. TEAM uses a contractor to develop the national and local public awareness plan. The contractor has conducted numerous alcohol and highway safety research studies, many of which have formed the basis for the drinking and driving countermeasures currently in use.

SENATOR LAUTENBERG: Is this enough? If not, how many additional personnel are necessary?

ANSWER: The agency feels that the current objectives of the TEAM program can be achieved with the existing staff resources allocated. The primary objective of TEAM is to stimulate alcohol awareness policies and programs outside government, with most of the support both financial assistance and manpower coming from sports teams, arenas, advertisers, community groups, and other interested groups. NHTSA's most valuable contribution is in national leadership role, providing program recognition, technical assistance, and some limited financial assistance.

AGE TWENTY-ONE

SENATOR LAUTENBERG: What is the expectation for those States that do not have twenty-one?

ANSWER: At the beginning of the 1987 session, seven States (Colorado, Idaho, Montana, Ohio, South Dakota, Tennessee and Wyoming) and Puerto Rico did not have legislation conforming to the National Minimum Drinking Age (MDA) law.

South Dakota recently passed minimum drinking age (MDA) legislation which will conform with the Federal law by April 1, 1988. The Governor of Montana signed 21 MDA legislation on March 26, 1987. The agency has not yet had the opportunity to review the Montana legislation for its conformance with 23 USC 158.

In addition, Colorado, Idaho, and Tennessee appear to be close to passing legislation intended to conform with the Federal law. In Colorado, the House recently passed a 21 MDA bill. The Colorado Senate has yet to consider the House bill. In Idaho, legislation has been sent to the Governor for signature. In Tennessee, legislation to remove the military exemption from the 21 MDA law

has been sent to the Governor for signature. As with South Dakota, NHTSA has not yet had the opportunity to review the Idaho or Tennessee legislation.

Wyoming, Ohio and Puerto Rico appear to be the furthest from passing conforming 21 MDA legislation. The Wyoming legislature has adjourned without passing MDA 21 legislation. In Ohio, a bill was introduced in February, but there is currently little action on such legislation. No Age 21 legislation has been introduced in Puerto Rico.

SECTION 408 - ALCOHOL SAFETY GRANTS

SENATOR LAUTENBERG: In a response to a question asked last year (for the record). NHTSA responded that the 408 program has been given the highest priority and NHTSA was providing assistance to States to help them qualify.

SENATOR LAUTENBERG: What specifically have you been doing to help them qualify?

ANSWER: NHTSA headquarters and regional staff have provided technical assistance to persons involved in the development of legislation in a variety of States. Workshops have been held for Governor's Highway Safety Representatives and other State officials to promote §408-related legislation and subsequent grant applications. The agency has included State enactment of §408 compliance legislation in our goals and objectives for headquarters and regional plans. The agency has also provided information to other interested groups such as safety associations, citizens groups, and others to assist them in understanding the requirements of Section 408 and what is required in their States to qualify. Over the past year, the agency has worked with the States of Illinois, Virginia, West Virginia, Massachusetts, Connecticut, Texas, Hawaii, and California. We anticipate working with more States this fiscal year and next.

SENATOR LAUTENBERG: Do you believe your efforts have been enough (or successful) in the drunk driving area, if according to your budget tables nearly 30 percent of available grants will lapse at the end of next year? ($35.6 million in fiscal years 1987 and 1988)

ANSWER: That lapsing will not occur. Subsequent to the preparation of those tables, legislation was enacted (H.R. 2, the highway reauthorization bill) which extends the section 408 authorization indefinitely and thus prevents lapsing.

It should be noted that the fight against drunk driving is substantially more complex than simply qualifying States for §408 grants. Many States (e.g., New York and Minnesota) have made dramatic improvements in their anti-DUI laws and programs, even if they have not met all of the criteria for §408 funding. Conversely, States that qualify for §408 grants do not automatically resolve their drunk driving problems; they must still actively implement their enforcement and education programs and continue to look for effective methods to deter impaired driving.

We actively encourage States to qualify for §408 grants, because that may well enhance the anti-DUI campaign in those States. However, the issue of whether S. 408 criteria have been met is not the best indicators of "success" in the fight against drunk driving. The human statistics (DUI-related injuries and

deaths) indicate we are making progress, but they also indicate that drunk driving remains our most serious highway safety problem. Accordingly, NHTSA intends to continue to place the highest priority on this problem, regardless of the rate at which S. 408 funds are obligated and expended.

SENATOR LAUTENBERG: Would you support extending the life of these grants to prevent them from lapsing? If not, why not?

ANSWER: We note that the Congress recently enacted legislation (H.R. 2, the highway bill), which will extend the authorization of S. 408 funds until expended. The §408 program was intended to be a short-term incentive for the States to adopt certain drunk driving countermeasure programs, and many States have already done so (either in whole or in part). The new provision for extended availability will preserve the incentive nature of the S. 408 program for those states which have not yet qualified for grants.

For the long-term, we believe the §402 program is the most appropriate means of providing financial support to the States for their highway safety programs, since it permits the States to set their priorities according to their individual needs. Alcohol countermeasures is one of the six emphasis areas in which §402 funds may be spent, and in recent years has accounted for the greatest share of §402 funding choices made by the States.

SENATOR LAUTENBERG: Why hasn't the Department offered suggestions to this Committee on how to make the program requirements less stringent so that more States might qualify for either the basic or supplemental grants?

ANSWER: We believe the programs designated by Congress as mandatory criteria for §408 grants are positive elements of effective drunk driving campaigns, we are also aware that some States have found certain of those criteria to be particularly difficult or burdensome to achieve. During Congressional consideration of the highway bill (H.R. 2), the House adopted a new "modified basic grant" provision with slightly relaxed criteria: however, that provision was deleted in conference and thus not enacted. As noted in our response to the prior question, we believe the most appropriate long-term strategy for Federal support of State efforts to combat drunk driving is through the §402 program, which provides considerable flexibility to the States in developing highway safety programs tailored to their individual needs.

SENATOR LAUTENBERG: What are the major obstacles in qualifying for a Section 408 Alcohol Safety Grant?

ANSWER: The major obstacles to the States in qualifying for a Section 408 Alcohol Safety Grant are: (1) prompt license suspension; (2) minimum periods of "hard" license suspension and (3) mandatory jail sentences for repeat offenders. These were criteria spelled out in the enabling legislation as necessary conditions to receive a basic grant.

DRUNK DRIVING - YOUTH PROGRAMS

SENATOR LAUTENBERG: What is NHTSA's policy regarding drinking and driving by youth?

ANSWER: NHTSA's policy regarding drinking and driving by youth supports the concept that youthful drivers should obey the minimum drinking age law and not drink. This would be the surest way to reduce alcohol-related crashes for this age group.

SENATOR LAUTENBERG: Do you support programs that say drinking in moderation is acceptable?

ANSWER: NHTSA does not support programs that promote "moderate" drinking for teenagers nor does NHTSA ascribe to the notion that there can be any "responsible use" of alcohol for those underage.

SENATOR LAUTENBERG: Do you support programs that send a message to youth that 'we know they will drink but please don't drink heavily and drive'?

ANSWER: NHTSA acknowledges the use of alcohol by many teenagers (as established by national and State surveys) but does not condone this activity. NHTSA does, however, support programs and messages that will attempt to intervene in a teenage driving situation after drinking has occurred. For example, a teenager could find him or herself dependent upon someone who has been drinking and should be able to find alternative transportation home. NHTSA is now working with a number of national organizations, including the PTA and the National Federation of Parents for Drug-Free Youth, to determine intervention messages and programs that do not contradict the no-use message for teenagers.

SENATOR LAUTENBERG: Do you support programs promoted by SADD? Does SADD promote abstinence or do they condone drinking by underage students?

ANSWER: The national Students Against Driving Drunk (SADD) organization does not condone drinking by underage students and states this in its "Contract For Life". A number of SADD programs promote abstinence, specifically their junior high and athlete programs. Although SADD does not condone drinking by underage students, some organizations interpret the SADD message as doing so.

SENATOR LAUTENBERG: What Federal support is provided to SADD?

ANSWER: Presently, NHTSA uses none of its discretionary monies to support SADD. There are many instances of support of local SADD chapters by State highway safety offices using NHTSA 402 formula grant funds.

SENATOR LAUTENBERG: Are programs that promote abstinence effective?

ANSWER: The best example of an effective "abstinence" program is the AGE 21 drinking law. Numerous studies have pointed out that higher drinking age laws result in reduced alcohol consumption, reduced driving after drinking, and reduced involvement in fatal and serious crashes among the age groups affected.

SENATOR LAUTENBERG: Do you have any evidence that a program based on abstinence would not be effective or well received by a youth audience?

ANSWER: Programs and messages developed for young people must address the dangers of drinking and driving. There is substantial evidence that young people are very willing to get involved in activities and programs aimed at reducing the incidence of drunk driving among their peers. No single strategy is sufficient to prevent alcohol-related crashes. While care must be taken not to suggest that drinking is allright if driving is not involved, having some form of alternative means of transportation available to young people who find themselves in unsafe situations is also recommended. Examples of successful and popular programs include Project Graduation, "sober rides," teen institutes, and alternative activities for celebrating all occasions safely.

SENATOR LAUTENBERG: What NHTSA programs are based on a do not drink if you intend to drive approach?

ANSWER: NHTSA continues to promote Project Graduation because there is sufficient evidence that fatalities in those communities which do sponsor such an activity are significantly reduced. Project Graduation emphasizes young people choosing to be alcohol and drug free. This concept spread from one state to all 50 within two years and support and interest in it continues. NHTSA has just published a new Project Graduation handbook which expands this concept to celebrating all events chemical-free.

Questions Submitted by Senator Stennis

SAFETY BELT USE MEDIA CAMPAIGN

SENATOR STENNIS: I have been told that your agency's media campaign aimed at convincing the American public to use seat belts has been very successful, yet I notice that the fiscal year 1988 budget request for that program is $77,000 below the fiscal year 1987 level. In your opinion, is this a sufficient amount to effectively continue this program?

ANSWER: The media component of the agency's Occupant Protection program has been a major factor in the raising of national awareness about safety belt use. Most Americans have had the opportunity to be reminded by "Vince & Larry", the media campaign's very memorable media spokesdummies, that you <u>can</u> learn a lot from a dummy--wearing a safety belt is the smart thing to do.

While it would appear initially that the occupant protection education and media efforts are being reduced in 1988, the agency is, in fact, considering the possibility of increasing them through the use of a portion of the dollars allocated for automatic protection educational efforts. The agency would increase the Campaign in scope to include information about automatic occupant protection.

SENATOR STENNIS: How would you compare this program, in terms of its effectinvess, with similar campaigns put on by you agency or by other agencies.?

ANSWER: The occupant protection media campaign has been one of the agency's most successful public information efforts ever, in

terms of the amount of contributed media time received by the campaign. The dollar amount of media contributions received so far, is approximately $40 million. NHTSA's Drunk Driving Campaign of two years ago is the only other effort of similar success with nearly $60 million of media time and space received. It's theme, "Drinking and Driving Can Kill a Friendship," is one of the most memorable advertising efforts of its kind.

Another indication of the Campaign's success is the numerous communication's awards that it won in 1986, including the Clio, (the advertising industry's equivalent of the Oscar) which was awarded to this campaign as the Best Public Service Campaign of 1986.

SENATOR STENNIS: What type of priority are you assigning this program for the future? Do you continue to see a strong need for educating the public on the wisdom of seat belt use?

ANSWER: While safety belt use has been on the increase since this media campaign began, there is still a tremendous need to make travelers aware of the importance of wearing safety belts. The continuing need for public education on the benefit of safety belts has been clearly demonstrated in programs such as that conducted by the IIHS in Elmira, New York and by NHTSA in other community projects. The media campaign efforts will continue to be a vital part of NHTSA's occupant protection program.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. The next hearing of this subcommittee is March 26, that is a Thursday, 2 o'clock in the afternoon. We are going to be hearing from the Office of the Secretary and from the Inspector General.

Thank you very much for being with us.

[Whereupon, at 11:42 a.m., Thursday, March 19, the subcommittee was recessed, to reconvene at 2 p.m., Thursday, March 26.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, MARCH 26, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:02 p.m. in room SD–192, Dirksen Senate Office Building, Hon. Frank R. Lautenberg (chairman) presiding.

Present: Senators Lautenberg and D'Amato.

DEPARTMENT OF TRANSPORTATION

OFFICE OF THE SECRETARY

STATEMENT OF JIM BURNLEY, DEPUTY SECRETARY OF TRANSPORTATION

ACCOMPANIED BY JANET HALE, ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS

OPENING REMARKS

Senator LAUTENBERG. The subcommittee will come to order.

This chairman comes from the business community where we operate on conventional time as opposed to the tradition of Senate time, which is to come close if not on the dot. We want to try to do it. We are a couple of minutes off, but that is because Mr. Burnley had some very interesting news for us. We were discussing the stock market, in case you overheard.

This afternoon the subcommittee is going to consider the budget proposals of the Office of the Secretary of Transportation and the Office of the Inspector General.

The request for the Office of the Secretary totals $68,406,000. That is a reduction of slightly less than $16 million from the enacted fiscal year 1987 level.

That is somewhat misleading, however, because it assumes the termination of the Essential Air Service Program for which $30 million was provided for the current year. The proposed increases include $5,991,000 for salaries and expenses; $4,151,000 for transportation planning, research and development; and $3,915,000 for the Working

Capital Fund. The Secretary's request, I understand, is going to be presented by Mr. Jim Burnley, the Deputy Secretary.

In addition to the overall management and policy support, the Office of the Secretary has some very important program functions, especially in the aviation area. It has, for example, been given the Civil Aeronautics Board jurisdiction over airline mergers and acquisitions and aviation consumer protection. I, and I am sure other members of this committee, have some serious concerns about the way the Department is handling these responsibilities. We are going to take that matter up in some detail after Mr. Burnley has had an opportunity to give his testimony.

The total budget proposed for the Office of Inspector General is $30,100,000 and 471 positions. That represents an increase of $2,900,000 in funding over the amount provided for this fiscal year but reflects no change in the number of positions.

The Inspector General is responsible for providing continuing oversight of the management of the Department's program. His staff are the on-site auditors and investigators who help to keep the government and government contractors honest. The President once said that he wanted his inspectors general to be tougher than junkyard dogs. I do not know how tough a junkyard dog is, but for my money and the taxpayers, the tougher the better.

Mr. John Melchner, the Inspector General, will defend the budget for his office. He is going to be assisted by others whom we will introduce at that time. We welcome Janet Hale as well.

Janet, what is your function?

Ms. HALE. Assistant Secretary for the Budget.

Senator LAUTENBERG. Assistant Secretary for the Budget.

Mr. Burnley, we invite you to make your statement, please.

STATEMENT OF MR. BURNLEY

Mr. BURNLEY. Thank you, Mr. Chairman. I appreciate the opportunity to appear before you and the committee today to testify about the OST budget request and such other matters as you deem appropriate. I will submit a detailed statement for the record, if I may, and simply give you a brief summary of that.

Senator LAUTENBERG. We will place the full statement in the transcript.

Mr. BURNLEY. Thank you, sir. We are requesting an appropriation of $57 million in salaries and expenses for the Office of the Secretary together with $7.5 million for transportation planning, research and development and $3.9 million for the working capital fund. There is no fiscal year 1988 appropriation request for payments to air carriers.

The salaries and expenses appropriation of $57 million provides for the overall management and direction of the programs of the Department.

Again this year, Mr. Chairman, we are proposing no new programs or program expansions. The entire increase of $5.991 million from the

fiscal year 1987 enacted level is required to fully fund already authorized positions to meet the cost of pay and retirement laws enacted by the 99th Congress and to meet cost increases in nonpersonnel areas.

We urge the committee to provide a single appropriation in fiscal year 1988 for salaries and expenses for the Office of the Secretary. We are finding this year we are having to spend a disproportionate share of our staff resources reconciling monthly employment levels and related obligations, office by office, to make sure that we comply with the 15 different separate statutory dollar limitations imposed by the 1987 act.

We intend, Mr. Chairman, to be responsive to new challenges and responsibilities as well as reporting requirements in our oversight of the transportation program, including those given to us by this committee. To do so, the Secretary requires some flexibility in the allocation of her staff resources.

We are again proposing to advance the termination date of the Essential Air Service Program to the end of the current fiscal year. In 40 percent of the currently subsidized communities, the taxpayers are contributing more than the passengers. In 19 communities, the subsidy exceeds 200 percent of the fare, on average. In addition, none of the 70 communities we would expect to lose air service enplanes more than 13 passengers per day. The majority of them enplane fewer than five passengers per day, for which the taxpayers contribute anywhere from $53 to $515 per passenger.

Legislation has been submitted by the administration to sunset the Interstate Commerce Commission at the end of fiscal year 1987 and to transfer virtually all remaining jurisdiction for railroad regulation to the Department of Transportation. A proposed future transmittal for $16.8 million and 249 positions has been included in the President's 1988 budget to fund those residual functions.

PREPARED STATEMENT

That concludes my summarized statement, Mr. Chairman. We will be happy to answer any questions.

Senator LAUTENBERG. Thank you, Mr. Burnley.

[The statement follows:]

STATEMENT OF JIM BURNLEY

Mr. Chairman and members of the Committee, I am pleased to have the opportunity to appear before your Committee to discuss the fiscal year 1988 budget request for the Office of the Secretary.

We are requesting an appropriation of $57 million for Salaries and Expenses of the Office of the Secretary, together with $7.5 million for Transportation Planning, Research and Development, and $3.9 million for the Working Capital Fund. There is no fiscal year 1988 appropriation request for Payments to Air Carriers.

SALARIES AND EXPENSES

The Salaries and Expenses appropriation, at $57 million, will provide for the overall management and direction of the programs of the Department. Again this year we are proposing no new programs or program expansions. The entire increase of $5.991 million from the fiscal year 1987 enacted level is required to fully fund positions already authorized, to meet the costs of pay and retirement laws enacted by the 99th Congress, and to meet cost increases in non-personnel areas.

Two-thirds of the total increase provides for higher personnel costs, including $3 million for the full year cost of the January 1987 pay increase and increased contributions under the Federal Employees Retirement System.

Approximately $500 thousand is included for normal cost growth due to within grade increases, merit pay increments, and awards, and $1.7 million is requested to fully fund existing positions. Total staffing funded directly by the Salaries and Expenses appropriation is proposed at 681 positions in 1988, a reduction of 34 from the 1987 level, made possible by proposed termination of the Essential Air Service function. Elimination of that office also provides a $1.2 million offset to increases in other personnel costs.

Non-personnel cost increases of $1.96 million are included for such items as General Services Administration building space rental, ADP services, postage, telephone service, and other housekeeping services billed through the Working Capital Fund. Our fiscal year 1988 Salaries and Expenses request also includes $3 million of new authority for continuing support for the Minority Business Resource Center (MBRC). The $3 million will be supplemented by an anticipated balance of $0.5 million from previous years.

As the Secretary mentioned at her overview hearing, we urge the Committee to provide a single appropriation in fiscal year 1988 for Salaries and Expenses. This year we are having to spend a disproportionate share of our staff resources reconciling monthly employment levels and related obligations by office to the 15 separate statutory dollar limitations imposed by the 1987 Act. We intend to be responsive to new challenges, responsibilities, and reporting requirements in our oversight of Transportation programs, including those laid on by this Committee, but to do so, the Secretary requires some flexibility in the allocation of her staff resources.

TRANSPORTATION PLANNING, RESEARCH, AND DEVELOPMENT

Our request of $7.5 million for Transportation Planning, Research, and Development includes $3.5 million for contract studies and research to support analysis, planning, and critical policy issues in the Office of the Secretary and for university research. The request also includes $4 million for research and development activities in the Office of Commercial Space Transportation to support its regulatory, safety, environmental, licensing, and policy responsibilities. This office was established in 1984 within the Office of the Secretary to encourage and promote commercial expendable launch vehicle activities by private sector companies.

Since the President's announcement last year that routine commercial satellites would no longer be launched by the space shuttle, interest has been growing, and commercial satellite companies are seeking launch

reservations as early as 1989. For example, Intelsat, one of the largest and internationally most prestigious satellite companies, is currently negotiating a contract for two launches with Martin Marietta, and other satellite firms have made reservations backed by cash deposits for more than a dozen other launches.

In order to prepare for the anticipated increase in activity, additional research is needed to develop performance based safety standards that will guide the formation and growth of a rapidly emerging and technologically complex space industry, while effectively protecting public safety. Future licensing operations of the office will involve pre-application consultation, as well as review and licensing of launches, new sites, and those payloads falling within DOT's review authority.

PAYMENTS TO AIR CARRIERS

The Essential Air Service program was created by Congress in 1978 as a 10-year program, expiring in October, 1988, to subsidize air service to certain small communities. We are again proposing to advance the termination date to the end of the current fiscal year. Many of the affected communities have been served by expanded new commuter-class air service without reliance on the EAS program. In 40% of the currently subsidized communities, the taxpayers are contributing more than the passengers, and in 19 communities the subsidy exceeds 200% of the fare. In addition, none of those 70 communities we would expect to lose air service enplanes more than 13 passengers per day. The majority of them enplane fewer than five per day, for which the taxpayers contribute anywhere from $53 to $515 per passenger.

WORKING CAPITAL FUND

A limitation of $149.5 million is proposed for the Working Capital Fund, which provides for expenses necessary to maintain and operate common administrative services in the Department. This increase of $84 million

over the 1987 level is largely the result of an accounting change under which major bills for Departmentwide services, such as GSA rent, unemployment compensation, and building maintenance, will be processed through the Working Capital Fund. This will improve the financial reporting of the Department. Staffing financed by the Working Capital Fund is being restored to the 1986 level of 318 positions, an increase of nine positions over 1987. This restores a reduction made last year in anticipation of contracting out some library and distribution services. Subsequent A-76 studies showed it to be advantageous to continue using Federal employees.

For fiscal year 1988, we are also proposing an appropriation to the Working Capital Fund of $3.915 million. Of this amount, $3.5 million is required for continued development of an integrated accounting system called DAFIS (Departmental Accounting and Financial Information System). In fiscal year 1988, we will build on work already done or currently in process, and expect to complete the development of detailed requirements and begin critical programming changes and site conversion activities.

The remaining $415,000 is required for building alterations necessary to comply with the Federal Government's space reduction program. To vacate space in quantities large enough to be turned back to GSA, extensive alterations will be necessary to consolidate, move, and relocate offices. The estimated $1.6 million in alterations will be accomplished over four years, following which we will realize annual rental savings of $3.4 million through the release of space to GSA.

ICC SUNSET

Legislation has been proposed by the Administration to sunset the Interstate Commerce Commission at the end of fiscal year 1987 and to transfer virtually all remaining jurisdiction for regulation of railroad freight rates, services, practices, and abandonments to the Department of Transportation.

It proposes to transfer rail antitrust matters to the Department of Justice, and consumer protection for transportation of household goods to the Federal Trade Commission. A proposed future transmittal for $16.8 million and 249 positions has been included in the President's 1988 Budget, tentatively under the OST heading, to fund those residual functions.

This concludes my prepared statement, Mr. Chairman. I would be glad now to respond to the Committee's questions.

AIRLINE SERVICE

Senator LAUTENBERG. We will talk about airline service to start with.

In its first phase, airline deregulation generated new entrants to the market, greater competition, and, on major routes, lower fares. Now, however, it seems like we are entering a new phase of increasing concentration. We are finding lower standards of service, rising consumer dissatisfaction, and growing concerns about the safety of the system.

Let us first talk about the service problem. Any frequent air traveler knows that there has been a significant deterioration in the quality of air passenger service. Frequent flyers are now becoming frequent losers.

We are taking advantage of this opportunity. We are starting a frequent losers club. As you will notice, our symbol is the penguin. As everybody knows, the penguin is an unusual bird because it does not fly. We say that the above named is condemned to all penalties associated with membership, including lost time, lost business, and lost baggage. We do not know what our charter membership is going to look like, but based on my contact with travelers I would say we ought to have a pretty good opening shot here. We will try to make these available at a couple of the airports in the New York area so that people know that there is some place to write to and to express their views on service.

Fare structures at best are confusing, and fare advertising is often anything but fair. Discount fares certainly were not meant to mean discounted service. Maybe one day we ought to look at delays caused by airlines as a basis for some kind of a refund, but there are numerous flight delays and misconnections and cancellations that are becoming all too common.

Again, I fly at least twice a week. I assume that you fly probably on average even more than that. You must travel a lot.

Mr. BURNLEY. I do not travel as much as that, Senator, but I do travel from time to time.

Senator LAUTENBERG. Is that because you cannot get there when you start, or is that because you have to watch the store?

Mr. BURNLEY. My duties tend to require my attention here.

Senator LAUTENBERG. Well, if you try to fly and you get delayed a couple of times, you, too, will be eligible as a charter member. We will keep it open for you.

The consumer protection functions of the Civil Aeronautics Board were transferred, as you know, to the Office of the Secretary of Transportation along with other responsibilities when the CAB was abolished at the end of 1984.

Now, the OST, Office of the Secretary, has the responsibility of protecting and promoting consumer interests in the deregulated environment. The maxim of the free market, of course, is to let the buyer beware, but the attitude out there now, I must tell you, looks too often like the buyer be damned.

The industry offers low fares, and the consumer takes his chances. If you miss your connection or your flight is canceled, tough luck. If for some reason beyond your control you cannot schedule the return flight on a discounted fare basis, that is too bad. You do not get your money back, and you have to pay full fare for a return ticket.

If you count on getting an advertised low fare, you better be among the first few callers, and you better read the fine print. It is no wonder air travelers are becoming increasingly frustrated and angry.

We have not lost sight of the simple fact that any business must be financially sound in order to survive. It is obvious to us that carriers and the Department have forgotten the fundamental principle that costs of developing and maintaining our national airspace system are borne ultimately by the public. It is the public's system. It is not the Department's. It is not the carriers'. The use of this public system to conduct business and make a profit is a privilege and not a divine right.

What we have today is a growing number of airports where some carriers gobbled up so many slots that they have converted places into private empires. Once travelers arrive there, they are virtually captives and have to accept whatever service the carrier has chosen to provide.

So the only party who pays the price for poor service is the public, the owners of the system. There is no loss of privilege or other penalty paid by carriers usually. Of course, if they lose the revenues, it is lost revenues, but sometimes a decision can be made that if an airplane is not full you are better off to cancel it with less a load than you need to cover the variable cost of that operation.

Well, that is a wrong that we think has to be corrected. If the public is going to be disserviced, there ought to be some recourse. I think one of the ways to do that is to take away the privilege of the airlines and award it to others who are going to serve the public the way they ought to be served.

How well is the Department, as the keeper of the public trust, protecting and promoting the interests of the traveling public? I would have to say in all candor that I do not think the Department is doing the kind of job that it ought to be doing.

We hear about the so-called delay initiative, but that was not much of a success when it was tried before and does not seem to be going all that well right now. Talks stalled on the O'Hare and Dallas-Fort Worth airports.

CONSUMER PROTECTION/REGULATION

Last year you took aviation consumer regulation enforcement responsibilities away from the Office of Intergovernmental and Consumer Affairs and assigned them to the Assistant Secretary for Policy and International Affairs.

The Office of Intergovernmental and Consumer Affairs was left with the processing and compilation of aviation consumer complaints. This effectively separates the development of regulatory and enforcement policy from the most immediate source of information about consumer problems, consumer complaints.

I want to ask you, is not the effect of this reorganization to minimize the impact of consumer complaints on regulatory and enforcement policy? Is that what the effect of the reorganization really does?

Mr. BURNLEY. No, sir; not in the least.

Senator LAUTENBERG. Well, last year you told this committee that you had an informal working group studying all aviation consumer regulations and that the Office of Consumer Affairs was represented on the group.

What recommendations has the working group made for strengthening consumer protection?

Mr. BURNLEY. Mr. Chairman, the informal working group that I testified about last year, which did in fact include representation from all of the OST offices which have even a peripheral role in these issues, went through an extremely detailed review of all of the regulations we inherited from the CAB.

The purpose of that working group was to make judgments, and recommendations based upon those judgments, to the Secretary on what regulations in that area were either dead-letter law in the sense that the CAB had not enforced them for many years, many of them they found were simply obsolete and do not apply to current day industry, and what changes ought to be made.

Those regulations and the materials on them are literally that thick and have been the subject of a couple of senior level presidential appointees, but subsecretarial, meetings in the last few weeks and I hope will be ready for the Secretary's review in the next few weeks.

I would like to preserve her discretion, but let me say this, if I may, about your question and the preamble to it. We have not in any way insulated the policy responsibilities from those who compile and act upon individual consumer complaints. To the contrary, there is ongoing daily discussion among the people who have those responsibilities and again at the senior level.

CONSUMER COMPLAINTS

I think it is important, however, to put this issue in some sort of perspective. In 1986, we received a total of 12,741 complaints about all

aspects of aviation service in our Consumer Affairs Office. That was a 14-percent increase over 1985. We had a 10-percent increase in the number of passengers. We had 414 million people who flew in this country on our airlines last year, and I think that is about a 36-million-person increase.

So we have the complaints up 14 percent and the travel up 10 percent. Are the complaints outrunning the growth in travelers? Yes. Is it dramatic? Is the system collapsing? The evidence would not support that.

Additionally, I might point out that in 1977, the year before deregulation, the CAB had 17,951 complaints. The year the Congress passed the Deregulation Act, that jumped up to 23,609. I do not think that it is fair to those who are in the industry to suggest that there has been a dramatic increase—and let me add this—particularly with two mergers.

I do not hesitate to say which two. There has been a lot of press about them, the Texas Air/Eastern/People Express merger and the Northwest/Republic merger. There have been difficulties in those airlines completing the actual consolidation process. Those difficulties are showing up in terms of the ratio of complaints we get about those carriers versus others.

AIRLINE DELAYS ISSUE

Additionally, Mr. Chairman, on the delay issue the 1984 scheduling talks in fact did have very positive results. There may have been other reasons at play, but nonetheless we saw a substantial decline in delays in 1985 over 1984. Last year we saw delays go up again about 25 percent.

We have a series of initiatives under way, of which the scheduling talks are simply one. It is an important component, but we have never said, nor would I want anyone to believe, that the scheduling talks were viewed by the Department as a panacea on these issues.

To the contrary, scheduling talks were designed to do what they in fact were doing, and that is to get the airlines together at those airports that are our busiest, what are called pacing airports, to spread around the peak hours slightly the time when the planes are scheduled to operate, whether that is taking off or landing.

Mr. Chairman, in addition to that, as I know you are aware, in mid-February the FAA put something called the East Coast Plan into effect. We will complete implementation of that plan next fall. On top of that, we have the West Coast Plan, its counterpart, in the planning stages.

We are seeking, in the longer term, a 20-percent increase in funding for the FAA in the next fiscal year. Even longer term, as we continue to put into place all of the roughly 100 projects of the NAS Plan, we are seeking a 68-percent increase in NAS Plan funding, 1988 over 1987.

So whether you look at it short, medium or long term, I think we have a pretty good story to tell in trying to address these problems.

On top of that, Mr. Chairman, in the consumer area we have investigations open, as I am sure you are aware, into scheduling practices. We are going to look at the 13 busiest airports in this country. We are beginning with Atlanta Hartsfield.

Under section 411, we have enforcement authority, and the Secretary has made it clear that if we find any sort of pattern of deception in terms of scheduling versus what is actually happening, she is going to take action on that.

Beyond that, Mr. Chairman, we also have opened in the last month an investigation into the whole computer reservation system issue to make sure that we understand what impact it has on scheduling practices and to come up with some recommendations for the Secretary, if warranted, and how we can address that issue.

I apologize for my overly lengthy answer, but I want to get the whole picture out there. I would say in closing, Mr. Chairman, that we have a very dynamic situation on our hands. That is one of the reasons we have recommended to the Congress a 2-year reauthorization of the FAA, because we do think that aviation is in a state of change in this country. It is very rapid, and we have to keep abreast of that change.

I think that the Department, in fact, has a pretty good story to tell as we attempt to keep up with that change.

On the other hand, I will say ultimately the Secretary will do whatever she thinks it will take if we have problems, whether it is in the scheduling area or in other areas with the industry and those problems are not being resolved in the marketplace.

CONSUMER STUDY GROUP

Senator LAUTENBERG. You said earlier at the beginning of your comments that you had a report coming from the informal working group study and expected to have it issued sometime in the near future.

Mr. BURNLEY. Yes, sir.

Senator LAUTENBERG. On the other hand, there has been no consumer protection rulemaking thus far as a result of the working group study.

Mr. BURNLEY. No, sir. Again, we have gone through a very elaborate exercise in laying the groundwork.

Senator LAUTENBERG. When did that group first convene?

Mr. BURNLEY. It was approximately a year ago, as I recall. It has been a large undertaking.

Senator LAUTENBERG. Does that seem like a long time to you, Mr. Burnley, to get something like this?

Mr. BURNLEY. I do not think so, Senator, because we inherited these responsibilities. We spent the first year in making sure we were implementing our day-to-day responsibilities as effectively as we could and then embarked upon what we viewed internally as the second phase, which was to take a comprehensive overview of what we had inherited on the books.

It is really very much like the rewriting of a large section of the U.S. Code to go through a very lengthy list of regulations. We have tried to keep it together as a package because there is a lot of overlap, and we could certainly have broken out this or that little piece of it. Our sense has been that we would come out with a much more satisfactory product for all concerned if we kept the package intact.

So I think that when you see the list of what this working group has been through and the volume of material they have had to deal with, you will perhaps agree that a year is not at all outside the realm of reasonable.

COMPLAINT STATISTICS

Senator LAUTENBERG. I wanted to mention for the record that we had gotten information based on the complaints from those who use the major airlines. It indicates a far greater increase from 1985 to 1986 than you suggest. I think you said 10 percent.

Mr. BURNLEY. Fourteen percent.

Senator LAUTENBERG. The majors show an increase of about 30 percent, having gone from 6,943 to 8,982, about 2,000, which is roughly 30 percent of the total.

I think it is a little hard for people to find the appropriate address to which to complain.

Mr. BURNLEY. Well, sir, we certainly have not seen any abrupt decline in the number of complaints since we took this responsibility, and we have tried to publicize the address quite widely.

Additionally, we are taking many complaints, unlike the CAB's approach in recent years, by phone. We no longer tell people when they call with a complaint, "No, we will not take it over the phone, you have to write." To the contrary, we take down the information and we act on it.

I might also add that one reason we went through the exercise of making sure we were carrying our responsibilities day-to-day first, before we got into this review process, is that we inherited a backlog of several thousand open complaints from the CAB.

The Secretary made it very clear before we took over these responsibilities on January 1, 1985, that she wanted that backlog cleaned up, and she did not want to see a backlog again. The most recent information I have as of December 31, 1986, the end of last year, better than 98 percent of the complaints that we had were closed. In other words, we are simply not carrying a large backlog.

So we tried both to widely publicize how to complain and also dramatically improve the turnaround on complaints.

COMPLAINT PROCEDURES

Senator LAUTENBERG. What do you do? How do you close out a complaint if someone talks about delays or something of that nature or maybe what they perceive as a safety violation? What constitutes closed, an answer back saying that we agree, you were late?

Mr. BURNLEY. No, sir; as to safety complaints, those are not handled by the OST office. If we get one, it is referred to the FAA. The FAA has that responsibility, and that goes down a different track. So in our records I suppose it would be closed in the sense that it went to the safety part of the Department, and it would be treated as an open safety complaint there.

As to other complaints about delays, lost luggage, cancellations of flights, what have you, the way a complaint is handled is that we get the information, work with the complaining party and the airline until we have exhausted the authority that we have to satisfy the customer who is dissatisfied with a particular airline.

With baggage, obviously you try either to make sure the airline finds the baggage or fairly compensates the individual.

Senator LAUTENBERG. You get back to the airlines with these things?

Mr. BURNLEY. Yes; you bet. The procedures that we use in terms of how we go about processing a complaint and closing it out have changed in terms of our willingness to deal with them orally much more than the CAB did, which required a paper trail. The way in which they are handled in terms of substance has not changed dramatically, and it is very much the same process in that respect.

AIRLINE CONCENTRATION/MERGERS

Senator LAUTENBERG. A recent study in the publication "Airline Economics, Incorporated" indicates that 25 airline mergers have taken place over the last 15 months, and nine major carriers now control 94 percent of the domestic market. The Department has just given conditional approval to the USAir takeover of Piedmont.

Mr. BURNLEY. No, sir, that is not correct, if I may interject.

Senator LAUTENBERG. Please correct the record.

Mr. BURNLEY. We have approved, as we do in any proposal of this sort that comes before us, a voting trust arrangement which is explicitly conditioned. It does not in any way address the merits of the merger. It is explicitly conditioned on the understanding that if the Department turns down the proposed merger, then the trust has to be dissolved and the stock disposed of.

Senator LAUTENBERG. At any rate, it is a step forward, is it not, to the possibility of having this merger completed? Does it lend any impetus to it at all?

Mr. BURNLEY. No, sir; it does not. As a matter of the merger review authority of the Department, it does not in any way add impetus to it.

Senator LAUTENBERG. Does it help facilitate the review?

Mr. BURNLEY. No.

Senator LAUTENBERG. No? Why waste time? What are we looking for here? Are you trying to get into the value of this merger or whether you ought to make a decision to oppose it?

Mr. BURNLEY. No; let me, if I may, go through very quickly how we go at it.

The voting trust proposal is not something that we initiate. We have an airline, as USAir did, come to us and ask if they may go ahead in the stock market or from private owners to purchase stock. We have worked out a mechanism that permits them to do that, but explicitly it is totally at the risk of the buying party and no way gives them any signal about what is going to happen in the actual review.

We then begin, once we have the application in hand, which is usually simultaneous with the application for voting trust, the process of reviewing the merger proposal itself. The voting trust is simply a mechanical device that permits someone to go ahead in the marketplace. The stock, though, has to be voted in precisely the ratio that stock is voted by others who own stock outside of the voting trust. No permission is given, no wink even, that permits any change in control of the airline.

MERGER REQUEST DENIALS

Senator LAUTENBERG. It suggests, out there in the countryside, that the process is beginning. Have you denied any merger requests since the CAB has been dissolved?

Mr. BURNLEY. Yes, sir.

Senator LAUTENBERG. Which one?

Mr. BURNLEY. Well, with respect to Texas Air/Eastern, you may recall that we turned down that merger proposal last summer because of our concerns about competition in the shuttle markets, Washington-New York, New York-Boston.

The parties who were proposing the merger went out. They made very dramatic adjustments, primarily selling the shuttle operation of New York Air to Pan Am, and resubmitted their proposal.

And once they had addressed our competitive concerns, then the proposal was approved.

But we did, as a matter of fact, say no to the original proposal on that one.

Senator LAUTENBERG. They are presently merged, however?

Mr. BURNLEY. Yes, sir; after they made the necessary adjustments to address our competitive concerns.

Senator LAUTENBERG. I'm going to ask my colleague, the distinguished Senator from New York, Senator D'Amato, who's the ranking member of this subcommittee, for any opening statements, or to give him an opportunity to raise the questions he has, and then we'll come back, Mr. Burnley, to the same subject.

Senator D'Amato.

Senator D'AMATO. Thank you very much, Mr. Chairman. And in order to expedite the time factor, I'm going to ask to be permitted to submit my opening remarks, as if read in their entirety, with your permission.

Senator LAUTENBERG. No objection, certainly.

[The statement follows:]

STATEMENT OF SENATOR D'AMATO

Mr. Chairman, it is a pleasure to welcome our witnesses today. Deputy Secretary Burnley will be able to discuss not only the pending $57 million request for the Office of the Secretary, but other matters of transportation policy. In particular, I will be eager to hear from Deputy Secretary Burnley regarding aviation safety and the war on illegal drugs.

I also am delighted to welcome a native New Yorker for his first appearance before this subcommittee, John Melchner, the Department's Inspector General [IG]. I have great admiration for the work of the Office, and have appreciated the cooperation I

have received from the IG in the past. I have every expectation that this fine relationship will continue, and I take this opportunity to belatedly wish you good luck, John, in this very important job that you have undertaken.

This subcommittee has been pushing the Inspector General staff to take an active position in areas of particular congressional concern. In the past, this led to a special audit of air traffic controllers, and the National Airspace System [NAS] Plan. While the day-to-day program audits are crucial, Congress intended the Inspector General, I believe, to provide guidance on matters of policy. So this afternoon I shall have some questions relating to the IG's recent audit of FAA airmen data compared to the National Driver Register. This audit suggests more needs to be done to ensure that airmen, commercial and private, are operating in a safe manner.

Thank you, Mr. Chairman.

MARITIME TRAINING VESSEL

Senator D'AMATO. Thank you, Mr. Chairman.

Mr. Burnley, I have received some assurances, and I'm pleased that the MARAD administrator is going to make a selection of the now famous maritime training vessel.

You know, this has been going on since 1984, when we appropriated $8.5 million.

Now is it the intention, then, that we go forward with this acquisition?

Mr. BURNLEY. We certainly, Senator, are going forward with the process. Obviously, the ultimate acquisition decision is going to be premised upon whether the money is available based on what bids we get, in other words, alternative proposals.

To put it another way, the Congress has appropriated $8.5 million. As you know, we are limited and can only spend $1 million of that on conversion costs.

Senator D'AMATO. $1 million?

Mr. BURNLEY. Of the $8.5 million, as I understand it, we are limited by the statute so that we can only accept a proposal that would spend $1 million or less on conversion costs.

So obviously, we have to look at those proposals and make sure we have a proposal that meets the statutory requirements.

Senator D'AMATO. The young lady next to you wants to say something.

Ms. HALE. I do think we are going forward with the proposal. I know, Senator, you have been concerned about the next step being the acquisition, and depending on the price of it, I think is what Deputy Secretary Burnley is referring to, that the next step in the conversion costs would be the $1 million.

And we will need a statutory change to go forward. And I think we were dealing with some of the concerns that we knew you have.

But yes, we are going forward with the review of the acquisition, and I think a final decision is due about May 10 or 11 on that.

Senator D'AMATO. Now, what is the $1 million?

Mr. BURNLEY. Go ahead.

Ms. HALE. If the acquisition of the vessel comes in under the $8.5 million, the question is, could we apply any of those dollars to the cost of

refurbishing the vessel, which is the next step obviously in trying to be sure that we have not only a vessel acquired but one that is operational for the New York school.

Senator D'AMATO. Well, we're then going to have to look for a supplemental appropriation. Is that not in the cards?

Ms. HALE. Yes, sir; it will probably require additional money to take care of it.

ACQUISITION/RECONVERSION COSTS

Senator D'AMATO. Aren't we really talking about a total of $15 to $16 million now?

Ms. HALE. I think it's very difficult to make any estimates about what the cost is. The only experience we do have is in the——

Senator D'AMATO. I have to just tell you, the most frustrating thing about this is, that if we didn't have a deliberate, systematic attempt by OMB and Transportation, the maritime division, to stop this, we would have had this ship by now.

We would have had it purchased, begun the process of converting it, and we would have done it for the $8.5 million.

Now, we're going to be looking at, and I think it's fair to say as a result of a deliberate, systematic pattern of putting this off, of an acquisition and conversion cost in the area of about $16 million.

Mr. BURNLEY. Senator, let me just say this. I don't think we are going to apologize for the fact that we don't think that's a very good use of that money, given the other priorities we face in the deficit.

Senator D'AMATO. You know, something, let me stop you right here.

Mr. BURNLEY. If I may finish my answer, Senator.

Senator D'AMATO. No, no. This is my nickel. This is my nickel. Let me just tell you something. I don't care what you think. Congress passed the bill. It was the law. There was a clear, evident, intention within the administration, after we passed this bill, to stop the law from being implemented.

Mr. BURNLEY. May I answer?

Senator D'AMATO. It doesn't make a difference whether you think this was a good application of these dollars. That doesn't matter.

Mr. BURNLEY. Senator, may I answer.

Senator D'AMATO. But maybe, somehow, let's get it out, if you think you can thwart what the law is. And what you're saying is, we'll do everything we can, irrespective of what the intent and what the law is, to thwart it, and that's what you've done.

Mr. BURNLEY. Is it my turn?

Senator D'AMATO. Yes; now it's your turn.

Senator LAUTENBERG. The witness does have an opportunity to respond.

Mr. BURNLEY. Thank you, I appreciate that. I said nothing of the sort, Senator. And I'd like to complete my answer if I may.

Senator D'AMATO. You may.

Mr. BURNLEY. I will make no apology for the administration having opposed the original appropriation. We have tried, in good faith, to carry out the intent of Congress once that appropriation was enacted.

Now, we can certainly——

Senator D'AMATO. Well, I disagree.

Mr. BURNLEY [continuing]. Fault it for whether we bought the right vessel at the right time or not. But I think it's important for you to understand that as we sit here today, there is a process open. It's underway. As Assistant Secretary Hale said, we expect to have that process bring us to a point where a decision can be made in early May.

And I think, on the other hand, that it's appropriate for the administration to express its views on legislation when it's under consideration. And that's all that we've done.

We certainly are trying now to carry out the will of Congress in this matter.

Senator D'AMATO. Let me suggest to you, if you look at the record, it is very clear that you did much more than that. In January 1986, OMB impoundment of funds for this ship was overturned by the Comptroller General. We have a history that goes back to 1984.

We have a history of a maritime administrator who did everything he possibly could—and this is before the administrator we have in there now—to see to it that they did not enter into any kind of meaningful selection process.

Now the record is clear on that. And you choose to interpret it one way. And I'm saying to you, on and off the record, in conversations that I've had with people, it was clear that there was a deliberate attempt to keep from utilizing these dollars.

And you want to play games, and say, the administration has a right to oppose. Certainly you have a right to oppose. The fact of the matter is that what you did, and what the administration did here, was to thwart the will and the law of the Congress.

Mr. BURNLEY. I respectfully disagree, Senator.

Senator D'AMATO. Well, and I disagree with you. You disagree, and I think that the record is clear. And you've been successful.

And you've been successful to the extent that now if we go forth with the purchase and acquisition, you now have run the cost up to $16 million.

And now, I wouldn't be a bit surprised to see the same people who have done this come back and say, well, now we need additional moneys.

Well, you've been successful. You've run the cost up to $16 million.

Let me ask you a question on another subject. And I didn't intend to pursue it this way. But let me tell you, I didn't appreciate your answer.

Mr. BURNLEY. I'm trying to be honest with you, Senator.

Senator D'AMATO. Well, I'm being honest with you. It goes two ways. You know, this business of people being able to be candid goes two ways. And I'm not going to be circumspect when I think that we have been dealt with in a manner that leaves a lot to be desired,Mr. Burnley.

DRUG TESTING/AIR SAFETY

Drug testing, air safety. We're all concerned about this. We speak about the controllers and the problems attendant therein.

Have we had a problem with respect to use of drugs that you're aware of as it relates to the airline pilots themselves?

Mr. BURNLEY. Yes, sir.

Senator D'AMATO. We have?

Mr. BURNLEY. Yes, sir; there's an open investigation by the U.S. Attorney in Pittsburgh of just such a problem. And I'm not in a position to comment freely on it, but that investigation has been publicized; it does exist.

Senator D'AMATO. So in your opinion there is a problem, an existing problem, with respect to drug use by pilots?

Mr. BURNLEY. I would not draw a broad, sweeping conclusion particularly as to all pilots, as to all airlines, Senator.

But I do think that we should simply take note of the fact that such an investigation is open. There have been press reports that are quite specific.

And I don't know of any reason to think on the other hand, going to the broader question, that pilots are exempt from the same human foibles and failings as the rest of American society.

Senator D'AMATO. Well, let me make a suggestion. First of all, let me ask a question.

Are you then suggesting that pilots should be subject to random testing for drug use?

Mr. BURNLEY. Yes, sir, the Secretary in January said she did believe that was a useful step; among other people.

Senator D'AMATO. Let me make this inquiry. Don't pilots now have to take a physical examination, a very comprehensive physical examination, twice a year?

Mr. BURNLEY. Yes, sir.

RANDOM DRUG TESTING

Senator D'AMATO. Wouldn't it make some sense then to incorporate, rather than go through this process of whether or not the random testing is legal, whether it's constitutional, whether it's being used as harrassment, to incorporate then by way of—and if necessary, law or regulation—that in that test that's conducted twice a year that there be a comprehensive drug test?

Mr. BURNLEY. Senator, the answer, I think, is that is a very reasonable step. In fact, we took it with FAA employees in sensitive positions just last month.

But it falls short, we believe, of giving the American public the level of security that we think they deserve in knowing that not just the pilot, but the other members of the crew, are fully able, and not influenced by alcohol and drugs, to carry out their duties.

So that's what you gain by random testing. As you know, I'm sure, when you do it on a prearranged schedule, it's possible for people to simply cease and desist for several days and come up clean in the test.

On the other hand, I don't disagree that the test is useful. We think it just doesn't quite go far enough.

Senator D'AMATO. It certainly is a giant step forward in terms of having a testing program. You would probably eliminate a good deal of the criticism and concern. You probably would be able also to arrange to have certified labs undertake the review of these so we don't get involved as to whether or not the test was accurate.

And I would also suggest that you've got to start someplace when you get into this random testing on the whole, I think there's quite a bit of concern about having the adequate facilities, and whether or not—how this would be administered.

And I would just suggest that this be explored as an alternative.

By the way, voiding one's system of most of these drugs is not a matter of simply ceasing and desisting for several days.

Mr. BURNLEY. Well, sir, it varies with the drug.

Senator D'AMATO. Well, it varies on the drug and the use. But it's not just a matter of simply not using cocaine for 1 or 2 days that it's going to clear one's system.

And I think we should understand that. But I do believe that we should examine that, Mr. Chairman, and I share that with you, because I know of your concern for safety.

And I believe that there should be tests. But I think if we could work it out in a way which brings about less in the way of confrontation; after our own little exchange, you might say that I enjoy confrontation, and I do think it has its place.

But when we're talking about dealing with tens of thousands of people and the public safety, I think we ought to look for positive methods by which to advance increased safety.

And I would hope that maybe we could look at that as a possible answer to this question. I'd like to see improved safety, and I'd like to see a testing program implemented, and I think this might begin to open the door to a way to begin to advance this.

And I thank the chairman for your patience. I do have several other questions that I'd like to submit for the record, and some questions from Senator DeConcini in particular as it relates to the budget process.

Senator LAUTENBERG. Thank you very much, Senator D'Amato. There was——

Senator D'AMATO. Excuse me, I said Senator DeConcini. I meant Senator Domenici.

Senator LAUTENBERG. Yes; I was wondering which side of the aisle Senator DeConcini turned to in the late moments.

But we will take them from either the Senator from New Mexico or the Senator from Arizona, as they're Members of the Appropriations Committee.

There seemed to be a difference of opinion, I guess it could be so categorized, between the Secretary and my distinguished colleague from New York, as to the extent of the problem that's under survey. And of course we'll all be looking anxiously to find out what does come out of this.

DRUG/ALCOHOL PROBLEMS

We do know that another facet of this problem was discovered when almost 8,000 of 10,300 who were asked for statements about any drug or alcohol problems they might have had admitted that they didn't disclose the information to the FAA on their medical applications.

That's distressing. I guess if we were positive on this and told people, whether they be airline crews, rail crews, or otherwise, that we want to seriously attempt to work at this, and not just punish; because we could punish lots of members of society, it may have made a difference. If we held open a door for recovery, for treatment, and promised no recrimination, that maybe we could start to get to the bottom of this and get the participation of the individual employee.

But I'd like to know meanwhile, what corrective actions did the FAA take to prevent this lack of disclosure or this falsification of records when people fill out these applications?

Mr. BURNLEY. Mr. Chairman, the discovery that we had a problem of that magnitude came when Mr. Melchner and his staff did a match with records in the National Driver Registry.

Now, by statute there are some inhibitions as to our ability, based on that matching process, to follow up in individual cases.

So what we've done is to take the next step, and that's go to the FBI. And we have the ability to get names that we can't, by law, get out of the National Driver Registry, and be able to pursue individual cases.

And that's exactly what the FAA intends to do.

If I might comment on your very thoughtful statement on rehabilitation. That, I think, is exactly the direction in which we should be pushing.

DOT PROGRAM

In fact, in the Department's own program that the Secretary also announced in January, the emphasis is very strongly on rehabilitation. And we would hope that, as we go forward in looking at how we should implement such programs in the transportation industry we regulate, we can get the same kind of emphasis on rehabilitation that we are trying to achieve inside the Department.

Inside the Department, the basic plan is that we will give employees an opportunity to go through a rehabilitation program to correct whatever the problem is.

It is not at all intended to be punitive. And in fact, we view it as a real responsibility to try to help people through these problems, because these are our employees. They're valuable to us. We need them. We need their skills and experience.

IMPACT OF AIRLINE MERGERS

Senator LAUTENBERG. I want to get back to the concentration question that I was on before.

Now under the existing law, the Department is required to consider both the anticompetitive effects of proposed merger and their impact on the transportation convenience and the needs of the public.

The trend with respect to market concentration and its power is obvious, I think. The industry is apparently headed toward domination by a few large airline conglomerates.

Judging by the record, I take it the Department thinks this is not only acceptable, perhaps even desirable. I have some serious reservations about that.

But do I interpret the view of the Department correctly in that?

Mr. BURNLEY. No, sir; not entirely. Let me elaborate if I may. It is true that we have seen increasing concentration as a result of the most recent wave of mergers.

I'm aware of the press report you cited of the 94 percent number. As of last September 30, the nine largest carriers, according to our data, accounted for 91.8 percent of domestic scheduled service.

I might note that that's compared to 84.6 percent in 1979, the year after the Congress passed the 1978 Deregulation Act.

Senator LAUTENBERG. You said 91?

Mr. BURNLEY. Yes; 91.8, as of last September 30.

Senator LAUTENBERG. You said 91.8; we said 94.

Mr. BURNLEY. That was the press report. And I think yours was later in date than our number. So I'm not disputing the number; they're very close.

What has happened—and I mentioned the 84.6 in 1979—since the 1978 act is that we had quite an explosion in the development of new carriers. And that led to much less concentration in major markets in particular.

Over time, we have seen a shaking out process. And without passing judgment for the moment on whether that's a good or bad process, that's what's happened.

When you have a People Express, for example, that reached a point where it simply is not going to be in business much longer, it's not something the Department can dictate.

We can't order a carrier to stay in business if it's losing hundreds of millions of dollars a year.

So what we've found is that we've had to go through these case by case. We had tried to look at this market by market in a given case and to make as sophisticated a judgment as we can, with the data given to us and with the data we have internally already, as to what the impact of the merger's going to be on the markets that the carriers involved in the merger serve.

To date, we are satisfied that while there has been increasing concentration, there has not been a major or worrisome problem in terms of increasing market power.

And I'd be happy to elaborate on that further. But it may in fact be the case, Senator, that you get more competition—and I'm not enunciating this as a theory of the Department; I'm just saying it's possible—more concentration, up to a certain point, may give you more competition, because you've got stronger carriers.

Senator LAUTENBERG. It's also possible, if we're going to speculate, it's also possible that it flows the other way.

Mr. BURNLEY. Yes, sir; I agree with that. That's correct.

So we're not doing this on the basis of any sort of elaborate theory. We are not seeking additional concentration. We try to look at each case within the walls of that case.

And we certainly, Senator, look forward to the day—and we try very hard to carry out these responsibilities professionally—when the Congress permits us to get out of this particular part of the business, because as you will recall, we tried not to volunteer for this assignment to begin with.

The 1978 act gave it to the Justice Department. Secretary Dole felt very strongly, in 1984 when CAB sunset legislation was being debated, that that's where it belonged, at the Justice Department.

She continues to feel that way to this day and, as you know, the administration does support legislation that's before the Congress now to accelerate the date when it will be transferred to Justice; and I would hope we could get your assistance in passing that legislation.

Senator LAUTENBERG. I think Senator Metzenbaum and the Judiciary Committee is going to be conducting hearings soon on the effects of monopoly within the airline industry.

Mr. BURNLEY. Yes, sir.

MERGER APPLICATIONS REVIEW

Senator LAUTENBERG. We look forward to hearing the results of that review.

What does the Department do to review the second part of the equation, that is, the impact on the traveling public, when they consider mergers? How do they do the traveling public part of that? How do they analyze that? What factors do you use to consider the impact?

Mr. BURNLEY. Senator, the primary factor we consider is whether a proposed merger is going to significantly reduce competition. And that's a fairly detailed and complex analysis you have to go through on a given case.

It involves looking at the particular ground facilities at the major airports that will be affected by the merger; the airports being served now by the merging carriers; what the opportunities will be for new entrants to come into those airports; what carriers are already there in competition as of the time we're doing the review. All that goes to the bottom line that you suggest is most important, and it is most important in these reviews, and that is: What is the impact on the traveling public going to be in terms of the array of service alternatives they've gotten out of a given airport?

Additionally, of course, we permit public comments. We create a public record. In the more controversial merger cases, we go through ALJ hearings, so that anyone who wishes to comment may do so.

But we don't leave it to that. We don't depend on individual travelers to come and tell us what they think. Obviously, that would not on the whole work very satisfactorily.

So we do rely very heavily on market analysis and on competitive analysis. And, of course, we get a lot of help from, among other folks, the antitrust division in filing comments and doing their own analysis. And we have that before us as well.

PUBLIC COMMENTS ON MERGERS

Senator LAUTENBERG. I wish that the Department of Transportation could find a way to encourage communication from the public at large in a wider distributed fashion as opposed to simply a hearing mechanism or waiting for the phone to ring.

Mr. BURNLEY. We can certainly take a look at what the alternatives are. That is an interesting idea.

Senator LAUTENBERG. Yes; I just think if there were desks or what have you at the airport instead of getting religious material some day maybe we can get a statement about what is doing with the airline traveler, the passenger, to see what they think.

Mr. BURNLEY. If I might note——

Senator LAUTENBERG. We could learn something.

Mr. BURNLEY. Yes, sir; we do find without any particular effort on our part today that when a major merger application is filed, it gets enormous press coverage in the markets served by those carriers. And it does generate a lot of public comment that does get to the Department, and we also hear almost without exception in those cases from the Members of Congress who represent the public in the areas that are going to be affected as well, but I like the notion we might be able to seek a broader array of comments. We will look into a procedure to do that.

Senator LAUTENBERG. I think it would be a good idea, and I would also like to see it kind of circulate through airports. Right now Newark is running into enormous problems. That is also not unexpected because we are gathering traffic at an incredible pace, and we are part of the metropolitan region, and whether it happens at Kennedy or Newark or LaGuardia or Westchester, if you include that, it is all part of the same package. What happens at one often affects, creates problems for the other, so I would like it if we could to survey some public in a more direct fashion.

FAA ADMINISTRATOR RESIGNATION

A few days ago I heard from Admiral Engen, and everybody now knows that he is resigning. He told me that he would not leave until there was a successor in place. Changes in jobs like that or in agency heads are kind of an old hat story in town. Here we have, however, the administrator of the FAA resigning at least to my knowledge without any statement as to his reasons why. It is a terrible time to be leaving, though, again, he made a commitment. I mean, we have roughly a year and a half to go with this administration. I think it is very tough to get someone who may be interrupting another career to come in there. The FAA in my view is still playing catchup in many ways from the effects

of deregulation. It is also in the midst of development and acquisition of a huge system for improving airspace use. At a time when stability is crucial we find FAA being left essentially leaderless, even though someone is going to come in, and we do not know how long that process is going to take.

This committee is soon going to take up the FAA's budget request for 1987. Needless to say we have more than just idle curiosity over the circumstances of the administrator's leaving at this time. He has had a long and distinguished government career and his resignation at this time leaves me with an uncomfortable feeling, and I wonder whether what I sense is the reason—we cannot speculate on it now—and that is that it is symptomatic of some discord within the Department, maybe a breakdown of the management of the agency, or perhaps some concern about directives given from the Department on down. Do you know why he is leaving at this time?

Mr. BURNLEY. Mr. Chairman, it puts me in an extraordinarily awkward position for me to try to ascribe motivations to someone else.

Senator LAUTENBERG. Let me be more specific. Do you have any information at all as to the reasons for his resignation?

Mr. BURNLEY. Let me answer, if I may, as follows. Admiral Engen has been in public service in one position after another, for the most part with the Navy, for well over 40 years. He has been the FAA Administrator for almost 3 years, and in fact leaving us July 1 will be slightly past the 3-year mark. And the average term, not for administrators but for Presidential appointees in this day and age, is approximately 2 years, so in that sense he has stayed longer than the norm. I am certainly personally pleased that we are not indentured in these jobs. I am sure the Congress feels the same way. So that you serve at the pleasure of the President and you also may leave of your own volition.

I saw the same kind of press stories that you did the day of his announcement. He put out an announcement saying that he had decided to make a change. The Secretary very warmly applauded his record in her public response as well as private response to that announcement, and then the usual anonymous characters sounded off in the press about this or that particular motivation that they ascribed to him. I do not propose to try to add to that litany, but I will say that the communications during Admiral Engen's tenure with the Secretary and myself and other senior officials have been constant. They have been handled, I think, in a very professional way. He is good to work with. And there are clearly, and particularly when you are dealing with issues like aviation issues, going to be times when you have differences of opinion on this or that issue or on this or that procedure, but I think on the whole that Admiral Engen has worked very well as a member of the team, and in doing—as each of us tries to do—the best job he could in implementing the policies that were set by him, by the Secretary, by the President, and enacted into law by the Congress, and he is entitled—as I hope we all are eventually—to retire after 40 years

of public service with dignity. And I would respectfully suggest that he be allowed to do that pretty much on his own, as he sees fit, and——

ADMINISTRATOR REPLACEMENT PROCESS

Senator LAUTENBERG. You do not see anything unusual about the fact that it is with this short period of time to go, with certainly an agency that is undergoing fairly dynamic change, or at least is in the middle of dynamic change?

Mr. BURNLEY. Well, sir, let me say this. Particularly since the PATCO strike in August 1981, there has not been a day that was not true of the FAA. Dynamic change is a constant for us. And I do not know when you could have an administrator retire without that being precisely the case, and I think, on the other hand, that he should be given very substantial credit for his willingness to stay on through July 1. Let me offer you this assurance—there are certain things I cannot say about the appointment selection process, but it is moving very rapidly, and I do not expect, subject to some surprise, any break at all.

Senator LAUTENBERG. You do not see the Department without an administrator?

Mr. BURNLEY. No, sir.

Senator LAUTENBERG. Is July 1 his max date?

Mr. BURNLEY. That is his announced date; yes, sir.

Senator LAUTENBERG. He intends to leave by then, though he again qualified it in a conversation with me as being kind of whatever is needed, and said to me, and this was not a privileged conversation, that he has no plans at all. It strikes me even more unusual without trying to interpret here that if he was not unhappy, he has no place to go, he has been a loyal and faithful and competent public servant, that it would come about in those circumstances. Do you know whether he communicated with the Secretary in any way before he made his public announcement?

Mr. BURNLEY. Oh, yes; and I must say, Senator, I do not find it the least bit curious that after more than 40 years in government service that you would not have some——

Senator LAUTENBERG. Well, he looks like he is vigorous of health.

Mr. BURNLEY. He is, but that you would not have fixed plans if you decided to make a change. That is not an unusual phenomenon, I don't believe, that that happens.

Senator LAUTENBERG. What will happen if the appointment does not clear right away? Who would take over?

Mr. BURNLEY. Well, sir, we also have in a very advanced stage, and I think the nomination is supposed to come to the Congress momentarily as soon as the last part of the background check was done, the deputy position. And I would expect that that nomination would have been completed well before July 1.

Senator LAUTENBERG. So it could be in an acting capacity?

Mr. BURNLEY. You would have that gentleman in place. We have an extraordinarily skilled acting deputy, Bob Whittington, from our north-

east region, and I would have no hesitancy if there were some short interim period with Mr. Whittington in charge. On the other hand, I do not think that is going to happen because of Admiral Engen's willingness to give us so much notice on this—I mean, again, the norm is much shorter notice. I regret to say we have lost one of our senior folks, a deputy assistant secretary, on a week's notice this week. He had a golden opportunity and he grabbed it. So I do not think we are going to have a serious break at all.

FAA CONTROLLERS

Senator LAUTENBERG. While we are playing the speculation game—usually it is played behind closed doors, but this is out front—here you know, we have had many discussions between this Senator and the Department, including the Secretary and the FAA Administrator, about replenishing the supply of people qualified to serve in the towers. We argue statistics and we argue effects and we argue technology, but the fact of the matter is that we still do not have enough people to do this job. We do not have enough qualified people to do this job. And the Department admits that it is struggling, or at least that its intentions are positive in terms of enlarging the body of air controllers to do the job, and one of the factors that was constantly referred to in our discussion was the fact that it might demoralize those who continue to work and who have come into the system to see others who were—who violated the law, who were punished, by the way, come back into the mainstream of the employment rolls.

On the other hand, it is my understanding that at this very moment there is active consideration by those who work in the towers to join or to form a labor organization. Well, I know this, that when people go to that kind of trouble and pain to structure an organization to protect them it is because they feel abused or they feel put under stress or shortchanged in some way. These things do not erupt because people like to fiddle with this stuff. There is plenty for everybody to do. I just wonder whether or not there is not some admission out there, and I intend to address this directly to Admiral Engen, that in fact a miscalculation was made by the Department, that the morale was more damaged by people serving under constant stress by witnessing in front of them those screens often telling very foreboding stories that maybe this airplane over here and this airplane here do not have enough clearance. The registry of near misses is certainly there for all of us to see. Maybe in fact what has happened is that we have the ultimate confession that this was a terrible idea not to populate the towers or the system as quickly as we could by getting those people who have some skills, who have the emotional stability to take these jobs, and I put that on the record. We will leave it as a rhetorical question, because obviously you are not going to respond to that anyway with either knowledge or objectivity in my view.

Mr. BURNLEY. I would like the opportunity nonetheless, Senator.

CONTROLLER HIRING/TRAINING

Senator LAUTENBERG. I would never foreclose the opportunity. You see that I made sure you had it before.

Mr. BURNLEY. I appreciate that very much. Let me just note that the GAO, not the Department, did do a survey some months ago and found that 60 percent of our work force was opposed to rehiring, so the morale issue is still a live one. Additionally, it does take 1½ to 2 years to retrain someone. I think that is a conservative estimate. And at this point we have hired 1,000 new controllers over the 1986, fiscal year 1987 cycle. That is in the budget being done. We have asked for 225 more next year. As I testified just this morning, side by side with Admiral Engen before Senator Ford's subcommittee, here on the Senate side, Secretary Dole many, many months ago told the Admiral he could have as many controllers as he needed. It was just a question of what he needed, what the staffing needs were. We have some goals that the Congress has set for us. We do not believe, certainly on the national level, that we are going to have difficulty meeting both the overall number of controllers by September 30 and the FPL percentage. We are frankly going to have a little trouble at some of the level 3 facilities on the 60 percent number, but Admiral Engen believes we will be very close. On those we miss, it is going to miss only by a point or two. We also, Senator, have seen a substantial decline in the number of operational errors over the last 2 years. The near midair numbers were up, 1986 over 1985. That is worrisome, and Admiral Engen has taken a number of steps to try to address the problem. I just might note without elaborating, unless you wish me to, that the numbers pre-1985 are worthless on near midair because we were not counting all of them, and that was brought to our attention. You may recall in early 1985 we went through quite a process to be sure we got all the reports in a central counting facility.

So, punishment is not the point in anyone's mind at the Department or that I know of in the FAA. The morale, working condition problems that lead to a unionization effort may or may not lead to a vote in favor of the union. We are, in fact, trying to be entirely neutral in that process. We will see what the work force decides when they vote around June 1. But I do think it is important to note that the GAO survey indicated that 60 percent of those folks were not interested in having the strikers back.

AMTRAK COMMISSION

Senator LAUTENBERG. I guess that means that 40 percent do, which is a significant percentage, and I always think so much of the answer depends on the way the question is put, but we will see what happens.

I want to talk about the Amtrak Commission. You know that I have a mild interest in that as well. The Secretary recently appointed an 11-member commission to develop a plan or options for the sale of Amtrak. If the Department can move this quickly to establish an Amtrak Commission why did it take so long to get the Byrd Commission on Aviation Safety appointed?

Mr. BURNLEY. Well, I, for one, am pleased and will gracefully accept the compliment on how quickly we moved on the Amtrak Commission. On the Byrd Commission, those are Presidential appointments by statute. In this day and age, it is no secret that Presidential appointments require an FBI field background check. We did not go through that process in choosing the Amtrak Commission.

Senator LAUTENBERG. You mean we cannot find people whose record is clean enough in this period of time to serve in government?

Mr. BURNLEY. The President of the United States, in this day and age, simply does not make any appointments, Mr. Chairman, without going through that background check, and it takes a long time. The Secretary of Transportation, in picking a group of very distinguished public spirited citizens to study Amtrak, took a calculated gamble that they were people who would survive scrutiny and that there were no secret convicted felons on the list. To the contrary, we are very, very proud of the group, and we think that with the minds and the cross section of talent and expertise in this group, we have a pretty good shot at coming up with a good work product. But that is the difference. The appointment process is very different in the two cases.

Senator LAUTENBERG. It obviously has nothing to do with the fact that Senator Byrd is in the other party or anything like that? It is just the way the process works?

Mr. BURNLEY. Mr. Chairman, I know this is difficult to believe, but the answer is, that is right. In fact, the administration is arguing for a 2-year reauthorization of the FAA largely because we think aviation is in such a state of change right now that the Congress and the administration, whatever administration is in power in the spring of 1989, ought to look again, but one of the reasons that we have said that makes sense is because the Byrd Commission will hopefully complete its work and you will have the benefit of their product. So I do think that whether we thought it was a good idea at the beginning or not, we embrace the idea of the Byrd Commission fully, and it really is just a matter of very elaborate background checks.

AMTRAK COMMISSION EXPENSES

Senator LAUTENBERG. On the Amtrak Commission, how are we going to pay for the expenses that this Commission is going to endure?

Mr. BURNLEY. Mr. Chairman, we have been appropriated, if I recall correctly—correct me if I am wrong, Janet—I think it is $750,000 for advisory committee funding for fiscal year 1987. These are people who have agreed to serve without being paid for their service and who will simply be reimbursed for their actual out-of-pocket travel costs, and the charter of that body states on the face of it that we anticipate spending no more than about $50,000 for the entire exercise.

Ms. HALE. We have a limitation, as the Secretary says, of $750,000 that could be spent in the Department, so we will be working within that limitation, and the actual money will be coming out of the Office of the Secretary.

Senator LAUTENBERG. Was there some House action recently having to do with this?

Mr. BURNLEY. Yes, sir; it is rumored. Yesterday.

Senator LAUTENBERG. I am sorry.

Mr. BURNLEY. Yesterday, I believe they took some action.

Senator LAUTENBERG. It is rumored?

Mr. BURNLEY. Yes, sir; we hope it is not true.

Senator LAUTENBERG. OK. Because you know that that has a budgetary impact. It is planned that Amtrak is going to make up the bulk of the deficit in this next fiscal year. It is obviously not going to be a matter of significant proportion. It is recommended in the budget that the sale would realize something over $1 billion, as I remember, and now we are first looking at the evaluation. How long has the Commission to do their job?

Mr. BURNLEY. We have asked that they report back by August 1.

Senator LAUTENBERG. By when?

Mr. BURNLEY. August 1.

Senator LAUTENBERG. August 1. Originally, I think the Secretary said that she thought it would take about 6 months.

Mr. BURNLEY. Yes, sir; I have not counted on my fingers, but that is pretty close. We announced them 2 weeks ago, I guess.

SCOPE OF COMMISSION

Senator LAUTENBERG. Will the Commission, do you know, be soliciting comments from the public or other interested parties?

Mr. BURNLEY. Yes, sir.

Senator LAUTENBERG. Will the Commission be making recommendations other than sale. Does it have that kind of scope?

Mr. BURNLEY. Yes, sir; it does. If I may take just a moment, because I think it is useful to focus on what we have asked them to do, and just give you the excerpt from the charter that describes the assignment. I think that is very important, and I think that it can allay a lot of fears that somehow the fix is in and there is only one solution, and we already know what it is, and we have a rubber stamp body, because that is just not right. The Secretary has, using the Holton Commission as a model, asked this group to look at ways in which intercity rail passenger service can be provided in this country without federal subsidies, but if I may, let me just give you that excerpt.

She has asked that they devise and communicate to her:

> . . . a comprehensive proposal for intercity rail passenger service to the extent economically feasible in the United States without federal involvement in the subsidization of the National Railroad Passenger Corporation.
>
> Included in the Commission's proposal shall be recommendations for, one, the entity or entities including the use of an employee stock ownership plan best suited to own and manage intercity rail passenger service in a manner responsive to market forces; two, the route structure or structures that would result from this proposal; and three, such financial arrangements including the use of various real estate rights as will eliminate the need for federal subsidies and make appropriate payment to the United States.

Should the Commission conclude that there are two or more feasible approaches it shall review the advantages and disadvantages of each approach. The Commission shall solicit comments from interested parties and the general public through public hearings, written submissions, or both.

That is the charter they were given.

Senator LAUTENBERG. OK. It starts off with a commitment to public rail service, the rail passenger service. Sale was not necessarily ensured or even encouraged. I mean, if it is sale, it is pretty darn obvious that it is not a good business proposal of and by itself as a rail passenger service because it just impossible for it to make money. Now, if we enhance its revenues through the use of other assets perhaps we can reduce the subsidy, maybe even eliminate it. But sale would not suggest that we are going to be able to provide rail passenger service if we sell it to a private party. I mean, there is just not enough opportunity in there for them to make it a worthwhile investment in my view. It is not Conrail. Conrail is a moneymaker.

Mr. BURNLEY. We would certainly agree.

HIGHWAY BILL VETO

Senator LAUTENBERG. And Conrail does not have to operate principally between the hours of 7 and 9 in the morning and 4 to 6 or 7 at night.

I want to talk for a moment about a subject of relatively current interest, and that is the prospective veto of the highway bill. The President is going to be doing that, he says, because of the special interest highway projects, and higher than requested transit spending earmarked for particular cities' projects. Is there room to compromise? I mean, the Secretary was very specific on supporting the President's intended veto.

Is there any room to compromise? Are we looking at the end of a highway bill that has to be remade? Is there any attempt to deal with the problem in its postsignature days? Is there anything that we are going to be facing beside all-out war in this issue? I mean, that is where we are going, as you know.

Mr. BURNLEY. Yes, sir. Mr. Chairman, I will leave far sooner than Admiral Engen if I preempt the prerogatives of the President of the United States in announcing the reasons for his veto when he issues that veto, so I will tread cautiously, if I may, since the veto has not yet occurred, but I expect it to happen very soon.

There is clearly room for working, and we believe, in fact the administration has publicly stated, that there is clearly room not only for compromise but that the Congress in a matter of days can pass a bill, send it to the President, that he can comfortably sign. We know the Congress is capable of that because the U.S. Senate sent just such a bill to conference.

We do think that there are some major, major problems, as you know, with the conference report and the bill that went to the President. We believe that by returning to the wisdom of the Senate in this matter, with whatever compromises that need to be made to work it out with the House, we can move very, very rapidly. We are extremely

distressed at the situation we have at the moment. Since last October 1, since the Congress sent us no legislation at all before it adjourned last year, we have not been able to disperse any of the funds in the highway trust fund, as you know, and we are very concerned about that. But the Congress, having taken until just last Friday to finish passage of a bill, and I believe that bill was not enrolled and sent to the President until Tuesday, is in a difficult position. If it says to the administration or the Congress somehow it is the President's fault if he vetoes the bill, that the money is cut off, I must say I think that is in the unfair category. But we are not interested in assigning blame. We are much more interested in getting a signable highway bill, and I would hope that we could very quickly convince the House to take a serious look at something akin to the Senate-passed legislation, and I think there will be grounds for compromise very quickly.

Senator LAUTENBERG. This may be a case of wishful thinking. You used the terms "sped" or "rapidly," things like that, including acceleration in the speed on the highway, that lent some impetus to the Senate's action. That could run into a considerable obstacle in the House, and sure, things moved relatively decently in each of the bodies, but when they got together, this was not a marriage made in heaven, as you know. And it took a lot of compromise, and the reason that it was so slow in coming is, it took enormous amounts of hard work and negotiation and compromise by lots of people. I objected to the increase in the speed limit. I made my point on that. But I supported the bill. Of course, the highway bill came before any action on the speed limit, as you remember. Now it is not going to be that way if we have to override.

It is too bad, because in this Senator's view not much is going to happen before the season for construction is behind us in terms of getting a new bill if this one is vetoed and I would hope that the Department can get out of its role on this occasion as a good soldier in the ranks and really go to work and get us highway construction. Those projects that are listed, yes, are of a very special nature in many cases, but in each case they are an extension of the highway system part of the transportation network.

Mr. Burnley, with that we will let you go, and we are going to keep the record open.

Mr. BURNLEY. Oh, absolutely. Thank you very much.

Senator LAUTENBERG. Thank you very much for your testimony.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

AIRLINE CONCENTRATION/MERGERS/SERVICE

SENATOR LAUTENBERG: Why doesn't the Department consider the impact on the travelling public when it reviews merger applications; and what are you doing to protect the consumer and restore quality service when mergers you approve result in the kind of fiasco we've had at Newark?

ANSWER: The Department does consider the impact of proposed mergers and acquisitions on the travelling public, and we are always concerned about the quality of airline service. Section 408 of the Federal Aviation Act of 1958 directs the Department to analyze the competitive and public interest consequences of a merger or acquisition. We approve only those mergers and acquisitions that meet the statutory competitive and public interest standard. Post-acquisition problems, such as those that are now occurring at Newark, are often unforeseeable. The service problems at Newark following the acquisition of People Express by the Texas Air Corporation are due to a lack of adjustment to the Continental (a Texas Air Corporation subsidiary) way of doing business by former People Express employees. Continental is making every effort to correct this situation, including relocating additional supervisory personnel from Houston. There is little the Department can do to resolve such problems. We were, however, successful in convincing Continental's management to revise its policy of not honoring People Express' vouchers except on a stand-by basis. The vouchers can now be used for confirmed status on Continental.

SENATOR LAUTENBERG: During the period while DOT has been approving mergers wholesale, consumer complaints filed with DOT have risen by 29.3%. Don't you find this trend disturbing?

ANSWER: Complaints increased by 1,599 or 14% from 11,142 in 1985 to 12,741 in 1986. During the comparable period, enplanements rose more than 36 million or 10%.

We believe that a significant portion of the complaint increase in 1986 can be attributed to enplanements and a full year under the Department-established consumer complaint system. At the Civil Aeronautics Board (CAB), only written complaints were accepted. When the Department assumed responsibility for the consumer affairs program, we quickly phased in new complaint-handling procedures which not only accepted complaints filed by telephone but encouraged them.

Under the new system, complaints are processed by telephone through a network of expediters located at the major/national airlines. Consumers are then contacted by a Department analyst with the solution. At the CAB, all complaints were processed through a series of form letters, often requiring months to gain a response. Today, complaints can, in many cases, be resolved in a matter of hours or days using personal contact, not letters.

The new system has greatly simplified complaint filing. A telephone answering machine has also been added to record consumers names and telephone numbers for

call-back the next day. Although consumers are encouraged to first contact the airline, we have gone to great lengths to make consumers aware of our services. The Department has written to consumer offices and consumer interest groups across the country to explain the services available and to encourage consumers to call for assistance. Interviews, news stories, speeches, and more timely complaint reports have also added to consumer awareness of this office.

The additional exposure combined with the new system and increased enplanements has had a major impact on the number of complaints filed. However, we have not found a disturbing trend nor an increase that we believe warrants a change in the overall consumer program.

SENATOR LAUTENBERG: What does DOT do to follow-up on these complaints?

ANSWER: If the problem involves a Department regulation, the consumer analyst contacts the airline expediter to seek a resolution to the complaint. The consumer is then called with the solution. Response letters are only used if requested by the consumer, if the consumer has written or called from outside the United States, or if the consumer cannot be reached by telephone. In instances where a telephone number is not readily available, the consumer is sent a brief letter asking him or her either to call the analyst directly or forward their telephone number.

Complaints and analyst follow-up actions are entered directly into the computer. This allows the analyst to quickly retrieve individual cases and registers the complaint for the monthly report. It also allows the analyst to monitor his or her own workload to provide for proper and timely follow-up.

As of January 6, 1987, 98.8% of all cases opened in 1986 were closed. This is a pronounced improvement in productivity over the CAB which had an almost 2,000 case backlog at sunset on December 31, 1984.

SENATOR LAUTENBERG: What is the trend in consumer complaints so far in 1987?

ANSWER: The January and February complaint reports have not yet been issued due to a reformatting of the report. However, preliminary statistics indicate that total complaints increased from 1,188 in January 1986 to 1,247 in January 1987. February complaints rose from 1,142 in 1986 to 1,568 in February 1987.

AMTRAK COMMISSION

SENATOR LAUTENBERG: What special qualifications - aside from their partisan and ideological commitments - do the members of this Commission possess?

ANSWER: With regard to the membership, we wanted to bring in a broad range of experience in transportation marketing, securities and investment banking and real estate development along with economics. We wanted to avoid, wherever possible, individuals who had a potential financial interest in AMTRAK,

either in its present form or as restructured. The ten individuals the Secretary has appointed, thus far, fit those qualifications well.

The qualifications of the chairman and members of the Amtrak Commission are as follows:

Chairman

Richard Ogilvie, Former Governor of Illinois; Partner, Isham, Lincoln, & Beale: From August 1979 to November 1985, Governor Ogilvie served as a Trustee of the Chicago, Milwaukee, St. Paul and Pacific Railroad Company, which was going through reorganization. After a successful reorganization, the railroad was sold for $570,000,000.

Members

Philip Abrams, President, Philip Abrams and Associates Inc.; former Under Secretary, HUD: Mr. Abrams' expertise in real estate will be a very valuable asset to the Commission's effort.

Senator James Broyhill, Former U.S. Senator and Congressman from North Carolina: Senator Broyhill has had years of experience with a wide range of issues similar to those facing Amtrak.

Richard Fink, President and Chief Executive Officer, Citizens for a Sound Economy: Dr. Fink has a doctorate in economics, and has done extensive work in the public policy and economics fields.

Ed Feulner, Jr., President, The Heritage Foundation: Dr. Feulner's masters thesis for his MBA at Wharton was on the topic of "The Determination of International Air Fares." During the Summer of 1964, he worked for the Illinois Central Railroad (now Illinois Central Gulf) in their Labor Relations Section at company headquarters in Chicago. During his term as a Richard M. Weaver Fellow at the London School of Economics in 1965, Dr. Feulner wrote several articles on the British rail system, e.g., "The British Method of Pricing their Rail Transit Product," Transportation Research Forum Papers, 1965.

W. Grant Gregory, Former Chairman, Touche Ross: Mr. Gregory has particular expertise in mergers and acquisitions, the design of new financial service products, strategy development and strategic planning for major corporations, organization and human resources, and the turnaround of financially troubled companies. He is executive co-chairman of the Privatization Council.

Carolyn Kuhl, Partner, Munger, Tolles & Olson: Ms. Kuhl has extensive background in antitrust law and will provide expertise that will be valuable to the Commission's efforts.

Jim Tozzi, Director, Multinational Business Services; and former OMB official: Dr. Tozzi has a PhD. in economics and business administration and has had extensive experience with the Federal budget process.

Stephen M. Wolf, Chairman and Chief Executive Officer of the Flying Tiger Line: Mr. Wolf is an outstanding airline executive who is one of the most creative marketing executives in the

airline industry. During his long career in the airline industry, Mr. Wolf has served as president and chief executive officer of Republic and Continental Airlines, was senior vice president for marketing at Pan American World Airlines, and was vice president of the Western division for American Airlines.

Robert Woodson, President, National Center for Neighborhood Enterprise, Washington, D. C.: Mr. Woodson is chairman of the Council for a Black Economic Agenda and an adjunct fellow at the American Enterprise Institute. He was formerly resident fellow and director of the AEI Neighborhood Revitalization Project and previously directed the National Urban League's Administration of Justice Division.

The Secretary plans to add additional members (the charter has 14, current membership is at 10) representing labor, rail passenger, rail commuters and possibly others. While we may find it appropriate to slightly increase the overall size of the Commission, we want to avoid a group so large it can't accomplish its objective.

SENATOR LAUTENBERG: How will the Commission solicit comments from the public and other interested parties?

ANSWER: The Commission will solicit comments from interested parties and the general public through public hearings, written submissions, or both.

SENATOR LAUTENBERG: Will the Commission be making specific recommendations for sale or simply presenting options available to Amtrak to enhance its revenues?

ANSWER: According to its charter, the Commission shall devise and communicate to the Secretary a comprehensive proposal for intercity rail passenger service, to the extent economically feasible, in the United States without Federal involvement in the subsidization of Amtrak. Included in the Commission's proposal shall be recommendations for: (1) the entity or entities, including the use of an employee stock ownership plan, best suited to own and manage intercity rail passenger service in a manner responsive to market forces; (2) the route structure or structures that would result from its proposal; and (3) such financial arrangements, including the use of various real estate rights, as will eliminate the need for Federal subsidies and make appropriate payment to the United States.

NOTE: As of April 27, 1987, changes to the Commission's charter were being considered.

VETO OF HIGHWAY BILL

SENATOR LAUTENBERG: The President has vetoed the highway transit bill because of the special interest highway projects, higher than requested transit spending and the earmark for the Los Angeles Metro-rail project. Is there room to compromise on the Department's position or must all the offending provisions be removed for the Department to support this bill?

ANSWER: [NOTE: On the day following the Deputy Secretary's oral testimony, the Administration did identify a list of changes to the conference bill that would make it signable. These are summarized below.]

3/27/87
10 a.m.

REVISIONS TO H.R.2

TO RESPOND TO THE PRESIDENT'S VETO MESSAGE

The revised bill generally incorporates the policy decisions reflected in the conference report for H.R. 2, the "Surface Transportation and Uniform Relocation Assistance Act of 1987". However, it reduces the levels in the conference report bill to more closely match the funding levels in the original Senate-passed bill and adopts the Senate approach for special interest construction projects. Most of the savings are accomplished by deleting the extra funding for demonstration programs and reducing the funding levels of DOT's discretionary programs.

In addition, most of the remaining funds that would have been distributed through discretionary programs are distributed by formula. Distributing the funding through the formula programs provides states with more predictable funding.

The bill also includes the change to the 55 mile per hour speed limit separately adopted by the House and Senate. A discussion of changes to the conference bill follows.

Table of Contents

The table of contents has been revised to reflect the deletion of the sections which revised the current Buy America protections governing transit and which changed the truck retail excise tax. A new section is added allowing tolls on the Boston Third Harbor Crossing, instead of the section which would have provided additional Federal funds.

ICE Approval/Substitute Projects

The Senate cost estimates have been used since the bill no longer provides special funding for Boston Interstate projects.

The discretionary portion of the program for Interstate Substitute highway projects has been ended.

Authorizations for Interstate Construction

The levels for the fiscal years 1988 through 1992 have been reduced by $300 million per year to reflect the ending of the Interstate construction discretionary program.

Obligation Ceiling

The language putting demonstration projects outside the obligation ceiling has been deleted. In addition, the provision in the bill that would have created a "hole" (that is, additional obligational authority) in the obligation ceiling for fast-spending states has been deleted. Neither provision was in the Senate bill.

Authorization for Appropriations

The authorizations generally conform to the conference bill, except that $165 million has been added to the Interstate 4R program per year and $135 million per year has been added to the primary program. The authorization for Interstate Substitute highway projects has been reduced by $185 million per year,

corresponding to the size of the discretionary portion of that program which has been ended. The authorization for parkways from the Trust Fund has been reduced by $20 million per year. The authorization for public lands roads has been reduced by $15 million per year to the level originally proposed by the Administration.

Interstate Discretionary Funds

The bill takes the Senate approach for Interstate discretionary funds. It would not provide any additional funds for the Interstate construction discretionary program and would not create a new Interstate 4R discretionary program.

Toll Facilities

Because of the interest expressed by a number of states, the number of states eligible to participate in the toll facility pilot program would be increased to 15.

Project Eligibility

The revised bill does not contain additions to the Interstate system that would be costly to the Federal taxpayer. The revised bill does not include special additional Federal funding for the Central Artery and Third Harbor Crossing in Boston, Massachusetts, or for a park and ride facility in Florida. A new section is added to permit Boston to charge tolls on the new Third Harbor Crossing and to use these tolls for work on the Third Harbor Crossing and the Central Artery that are not eligible for Federal Interstate construction funding.

Demonstration Projects

The revised bill would not contain special funding for demonstration projects. The projects would all become priority projects and be eligible for funds from most of the Federal-aid highway programs, at state option. Congressional interests would be served because a project identified in this section is more likely to be constructed by a state since the project can be funded from any one of a number of otherwise separate highway programs.

Allocation of Section 3 Funds

The revised bill would help transit discretionary funds go further. The bill would change the Federal matching share for transit discretionary projects costing in excess of $50 million from 75% to 50%. This means the Federal funds will be spread among more projects. The bill also provides more flexibility in the total amount of the rail modernization and bus purchase allocations.

Transit Authorizations

The revised bill would increase the amount of fuels tax revenues going to all states for transit purposes. The bill would decrease the amount of transit funding coming from the general fund and increase the amount of transit funding for the formula program coming from the Mass Transit Account.

The bill would also delete funding from the Trust Fund for the University Centers program, since funding was not contained in the Senate bill.

Buy America

The bill does not contain costly new Buy America protections. Transit rolling stock is already adequately protected under current law. The new requirements in the conference report just increase the cost for state and local governments.

Los Angeles MetroRail

Language is included which would carry through on the existing agreement to provide $203 million for the completion of MOS-1. The bill would not contain the requirement that Los Angeles receive an unfair share of the national transit resources for work beyond the currently agreed upon MOS-1.

Special Tax Treatment

The revised bill would not change the tax treatment that currently exists for owners of trucks and those who lease their trucks. The current 12-percent retail excise tax applies to trucks with gross vehicle weight over 33,000 pounds and to truck trailers over 26,000 pounds. In the case of leased vehicles, the tax would continue to be imposed on the sale by the manufacturer to the lessor.

SENATOR LAUTENBERG: If you had to rank the provisions from most to least objectionable, how would you rank them?

ANSWER: All of the issues outlined in the President's March 27, 1987 veto message were considered so objectionable that they forced the President to veto the bill.

SENATOR LAUTENBERG: We seem to be engaged in the unwanted game of chicken over this bill. Is the Department willing to see a whole construction season lost because of what it finds objectionable?

ANSWER: At the same time the President vetoed the conference bill, he transmitted an alternate bill that would "fix" the objectionable provisions in H.R. 2 and make it signable. We believe that Congress could quickly pass a bill that the President can sign and that the construction season could proceed.

SENATOR LAUTENBERG: If the President's veto is not overridden, would the Department support a one-year extension of the highway-transit program so that something may be salvaged this construction year? If so, would the Department support attaching the extension to the supplemental appropriations bill?

ANSWER: No. We believe a multi-year reauthorization is needed. Congress could pass a multi-year reauthorization bill just as quickly as a one-year extension.

TPRD/COMMERCIAL SPACE

Senator Lautenberg: You are requesting $4 million, an increase of $3.25 million, for the Office of Commercial Space Transportation to fund research and development of safety standards and to provide for the actual licensing of private commercial launches utilizing expendable launch vehicles (ELV's). In fact, your budget justification (p. 61) projects the licensing of 12 launches in F.Y. 87 and F.Y. 88. Yet, in describing the

need for your safety research and development activities, your justification (p. 54) states that the office "will continue the identification and definition of the scope of major safety issues". In another place, the justification (p. 55) says that "safety requirements for launch support equipment such as tracking and flight command and control are undefined at this time". And in discussing the Risk Management, Hazard and Environment activity, the justification (p. 58) asserts that "In the continuing absence of sufficient safety data and adequate evaluation criteria, licensing and safety determinations will depend on active risk management models and programs to provide a basis for increasingly complex decisionmaking actions." How can you be licensing private commercial launches when you don't know what the major safety problems are and what kinds of regulations may be necessary?

ANSWER: At present, licensing of commercial space launches will be conducted on a case-by-case basis. Each individual launch application review will be based on the best information available within the government and space industry. This is a subjective and conservative approach that is time consuming and costly to conduct; however, it will protect public safety. Such an approach is burdensome to industry, and may affect industry growth and its competitiveness.

The identification of safety issues and the preparation of generic safety standards that may be utilized by industry in the formulation of their proposals will serve to facilitate licensing reviews and promote innovation within the commercial space industry. Definitive regulatory guidelines are necessary to allow individual launch applicants to address launch safety issues in a manner that will allow them to be competitive in the international marketplace. Furthermore, the generic categorizing of major safety issues and the development of safety standards will allow the Federal Government to perform the license application review in a more cost efficient manner that will further assist the launch applicant in responding to the marketplace.

SENATOR LAUTENBERG: If you haven't developed reliable safety standards, how can you evaluate the threat to public safety and health posed by particular private launch proposals?

ANSWER: The threat posed to public safety and health by private launch proposals can be evaluated by applying established hazard analysis techniques to the individual launch proposals. The analysis will be unique to the specific launch and different from the proposed safety standards that would apply to a broad set of launch scenarios. This is an effective approach but is very time consuming and costly.

The purpose of safety standards is to identify the generic safety issues which apply to all launch activities, and provide advance guidance so that companies may plan their activities in the most efficient, effective manner. Once developed, these

safety standards will shorten the license application response time, permit license applicants to anticipate license application information needs, and permit a more efficient license review without any reduction in safety.

TPRD/LANDSAT

SENATOR LAUTENBERG: At the same time you are proposing $4 million to promote the development of a commercial ELV industry, the Administration refuses to provide the funding necessary to complete the commercialization of the Land Remote Sensing Satellite (LANDSAT) program, a system that has already demonstrated its value. How do you explain this contradiction? Why should we provide funding for your office to promote the commercialization of space transportation systems when the Administration has decided to kill the commercialization of LANDSAT?

ANSWER: The central issues involved in ELV and LANDSAT commercialization are fundamentally different. With regard to LANDSAT commercialization, the central issue is Federal funding to maintain data continuity during the transition from public to private operation. The ELV commercialization initiative does not require any Federal funding to develop the industry. The $4 million funding request is for development of capabilities in the Office of Commercial Space Transportation: (1) to review and act on license applications for commercial launches or operations of commercial ranges and (2) to promote, encourage, and facilitate the safe commercialization of launch vehicles. U.S. ELV commercialization will ensure multiple means of access to space and an enhanced long-term industrial base.

TRUCK PRODUCTIVITY

SENATOR LAUTENBERG: On March 5, 1987 the House introduced H.R. 1424, a bill to repeal the exemption from federal safety standards extended to trucks operating in government-defined commerce zones. These commercial zones generally coincide with urban areas and were established with an eye to relieving regulatory burdens on local truck operations. Trucks and drivers operating within such zones do not have to meet federal safety requirements. Recent tragic accidents call into question this exemption and I am very interested in your Department's position on the need to review this exemption.

ANSWER: As you are no doubt aware, highway safety has been a top priority at DOT for the past several years. Besides our efforts to implement aggressively many actions ordered by Congress, including those in the Commercial Vehicle Safety Act of 1986, DOT has, over the past several years, initiated a wide range of additional highway safety initiatives to improve truck safety.

DOT published an Advance Notice of Proposed Rulemaking on January 23, 1985, asking for comments on the elimination of the commercial zone exemption and numerous comments were received. In addition to the concerns you have expressed, the American Trucking Association also has requested rulemaking to address the commercial zone exemption. We expect to issue a Notice of

Proposed Rulemaking that will address the problem in the very near future.

SENATOR LAUTENBERG: Mr. Burnley, would you please tell the subcommittee the status of Docket No. 84-18, the Auto Transporters Length Rule and Docket No. 85-16, Grandfathered Semitrailer Length Limits (including estimated completion date)?

ANSWER: The Auto Transporter Length Rule is under final review in the Department and should be submitted shortly to OMB for their review. We hope to publish a final rule early in the summer.

The rule on Grandfathered Semitrailer Lengths has been revised to reflect the latest determinations on state grandfather rights and is under review in the Department. A final rule is expected early in the fall.

SENATOR LAUTENBERG: Senate Bill S.747 establishes a Motor Carrier Administration within the Department of Transportation (DOT). This Bill addresses senior policy representation within the DOT for the motor carrier industry.

In view of the need to find solutions to such issues as safety, productivity and access -- would you please explain the Department's view on your apparent opposition?

ANSWER: The Department does not favor establishing a separate Motor Carrier Administration because we would then have three highway-oriented agencies, rather than two as we have now. We believe this could seriously hinder the coordinated planning and implementation of highway transportation improvements that we have already put in place. Further, additional staff and resources would be required to support this new organization.

To address trucking concerns on a continuing and comprehensive basis, we established within the Federal Highway Administration a position of Associate Administrator for Motor Carriers. The Associate Administrator for Motor Carriers serves as the primary focal point in the Department for contacts with representatives of the motor carrier industry on all motor carrier transportation matters. This official is also instrumental in proposing new and revised legislation and in developing rules, policies, and procedures to carry out the Department's responsibilities for motor carrier transportation. Through this organizational arrangement, we have established a high level point of access within the Department for the trucking industry representatives to contact to make known their views on significant motor carrier issues.

In light of additional costs and our increased emphasis on trucking concerns, we do not believe that the establishment of a separate motor carrier administration would be in the best interest of the industry and public.

SCHEDULE OF POSITIONS

SENATOR LAUTENBURG: Please provide a schedule of positions by grade and compensation for all offices within OST.

ANSWER: The requested information follows:

GRADE	NUMBER OF EMPLOYEES	TOTAL SALARIES
GS-01	5	$ 48,095
GS-02	4	$ 48,156
GS-03	18	$ 266,105
GS-04	20	$ 319,326
GS-05	37	$ 674,732
GS-06	51	$1,004,315
GS-07	87	$1,947,202
GS-08	41	$1,016,713
GS-09	77	$2,039,236
GS-10	15	$ 450,084
GS-11	70	$2,111,326
GS-12	75	$2,736,831
GS-13	101	$4,466,775
GS-14	164	$8,729,799
GS-15	142	$9,101,498
GS-16	7	$ 502,560
GS-17	1	$ 72,500
GS-18	1	$ 72,500
WAGE GRADES	44	$1,128,042
EX-01	1	$ 99,500
EX-02	1	$ 89,500
EX-04	3	$ 232,500
EX-05	1	$ 72,500
ES-01	8	$ 517,600
ES-02	3	$ 202,800
ES-03	10	$ 705,000
ES-04	29	$2,128,600
ES-05	7	$ 528,500
ES-06	1	$ 77,500

TOTAL - $41,389,795

OTHER SERVICES AND PRINTING AND REPRODUCTION

SENATOR LAUTENBERG: What explains the increase for other services ($949,000) and printing and reproduction ($214,000)?

ANSWER: For Other Services the $949,000 is required in the major areas of ADP services ($382,000), payments to the Working Capital Fund ($432,000) and Training ($75,000).

The $382,000 requested for ADP Service is to develop a Department-wide Contract Information System to replace the outdated existing system, to provide greatly improved contract and procurement capabilities and flexibilities; move the OST Procurement Tracking System from a commercial time sharing to a commercially available micro computer system which will provide greatly expanded contract capabilities in OST; develop DOT Property Utilization and Redistribution System to

facilitate exchange of information among administrations and stimulate increased sharing of excess property; and provide for enhancements to current ADP systems to improve their utility.

For Payments to the Working Capital Fund, the $492,000 increase is required to fund the increase in costs of labor, supplies and materials experienced by the WCF and passed on to the user organizations, including OST. Additionally, security services which are provided centrally by the Working Capital Fund include executive protection, which is used exclusively by the Office of the Secretary. This function will experience increased costs as a result of upgraded security.

For training, an increase of $75,000 is required to provide general training to the Office of the Secretary. For the past two years, general training for OST employees has been nearly non-existent. It is essential that this program be reestablished to ensure that personnel can update their skills and that additional training opportunities are available.

For printing and reproduction, an increase of $214,000 is required to fully implement the Department's commitment to specific safety and mission-related programs requiring large printing and reproduction activity. Such programs include Drug Awareness and Use of Seat Belts, in addition to the established commitment of providing information to the public for technology and planning publications, press releases, and docket information as well as the internal requirements for OST. Increases in the labor, supplies and maintenance associated with acquiring printing and reproduction services are also included in this estimate.

STATUS OF AIRLINE MERGER/ACQUISITION CASES

SENATOR LAUTENBERG: Describe the status and/or disposition of all airline merger cases considered in FY 1986 and FY 1987, indicating the type of proceeding for each and the position of the Department of Justice if DOJ participated.

ANSWER: As the following table indicates, since January 1, 1985, the Department has reviewed and approved 18 applications for merger or acquisition of control involving large certificated air carriers. The Department of Justice opposed DOT's approval in three cases: Northwest-Republic, TWA-Ozark, and United's acquisition of Pan American's Pacific Division. In two of these cases (Northwest-Republic and TWA-Ozark), DOJ disagreed with DOT over the extent to which the acquisitions represented an anticompetitive threat. DOJ concluded that new entry, and the threat of potential entry, would not prevent the acquisition from having significant anticompetitive effects in certain markets. In the Pacific Division Transfer Case, DOJ recommended that we condition our approval of the transaction on the spinoff of a Pacific gateway to another carrier. We did not accept this position because we found that the acquisition would not be anticompetitive. We did agree, however, to consider, in a separate proceeding, the possible spinoff of United's Seattle/Portland-Japan authority to another carrier. That case was

instituted and set for hearing before an Administrative Law Judge. Applications to replace United have been filed by American and Continental Airlines. The hearing began on March 9 and ended March 12. Thus, the Department will soon decide in this proceeding whether United or another carrier should be selected to serve this route.

April 3, 1987

MERGERS/ACQUISITIONS
INVOLVING LARGE CERTIFICATED AIR CARRIERS
REVIEWED BY THE DEPARTMENT
SINCE JANUARY 1, 1985

Case	Disposition, Proceeding	Position of the Dept. of Justice
USAir-Pennsylvania Commuter Airlines Docket No. 43095	Approved, Exemption	No position
Midway-Air Florida Docket No. 42790	Approved, Show-Cause	No position
Southwest-Muse Docket No. 42987	Approved, Show-Cause	Recommended Approval
People Express-Frontier Docket No. 43472	Approved, Exemption	Recommended Approval
United-Pan Am Pacific Division Transfer Docket No. 43065	Approved, Oral Evidentiary Hearing	Recommended Disapproval unless one gateway given up
Piedmont-Empire Docket No. 43518	Approved, Show-Cause	No position
Horizon-Cascade Docket No. 43419	Approved, Show-Cause	No position
People Express-Britt Docket No. 43719	Approved, Exemption	No position
NWA-Republic Docket No. 43754	Approved, Oral Evidentiary Hearing	Recommended Disapproval
*United-People Express Frontier Docket No. 44162	Approved, Exemption	Recommended Approval
Presidential-Key Docket No. 44202	Approved, Exemption	No position
Texas Air-Eastern Docket No. 43825	Dissapproved, Show-Cause	Recommended Approval of Modified Transaction
Docket No. 44346 (new application)	Approved, Show Cause	No position
Alaska Air-Jet America Docket No. 44253	Approved, Exemption	Recommended Approval

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*People Express and United applied for an exemption from the requirements of section 408 of the Act to the extent required to allow United to purchase certain assets from People Express and its subsidiaries, Frontier and Britt Airways.

TWA-Ozark Docket No. 43837	Approved, Oral Evidentiary Hearing	Recommended Disapproval
Texas Air-People Express Docket No. 44365	Approved, Show Cause	Recommended Approval
Delta-Western Docket No. 44362	Approved, Show Cause	No position
Alaska Air-Horizon Docket No. 44506	Approved, Exemption	Recommended Approval
USAir-Pacific Southwest Airlines Docket No. 44552	Approved, Show Cause	Recommended Approval
American-Air Cal Docket No. 44498	Approved, Show Cause	Did Not Oppose

RECENTLY ANNOUNCED MERGERS/ACQUISITIONS

USAir-Piedmont	March 10, 1987

INTERNATIONAL ROUTE PROCEEDINGS

SENATOR LAUTENBERG: Your justification refers to "increased international route opportunities and proceedings". How many do you plan for F.Y. 88?

ANSWER: New international route opportunities usually result from the negotiation of new or amended bilateral aviation agreements which provide new route rights for U.S. carriers. Given the vicissitudes of the negotiating process, it is virtually impossible to predict how many new route opportunities will be negotiated this fiscal year. We can, however, with a reasonable degree of certainty, predict the number of route proceedings that will be conducted. Given the pace of aviation negotiations, the number of routes that will be up for renewal, and the rate of U.S. carrier turnover on existing routes, we expect to process 12 to 14 international carrier selection route proceedings in F.Y. 88.

SENATOR LAUTENBERG: How many workyears did you devote to route proceedings in F.Y. 87?

ANSWER: During the first six months of F.Y. 87, the General Counsel's Office has devoted 5 workyears to route proceedings. In addition, other elements of the Office of the Secretary of Transportation have devoted 5½ workyears to such cases during the same time period. We expect that pace to continue, if not accelerate, during the remainder of the current fiscal year. Thus, the Department expects to devote approximately 21 workyears to these cases in F.Y. 87, of which 10 are attributable to the General Counsel's Office. (These figures do not include the staff time involved in the bilateral negotiating process.)

SENATOR LAUTENBERG: Provide a listing of all consultant contracts for F.Y. 86 and F.Y. 87, indicating the recipient, amount paid, and the purpose/need served.

ANSWER: The Office of General Counsel did not employ any consultants for international route opportunities or proceedings during F.Y. 86 and the first half of F.Y. 87.

INTERNATIONAL ROUTES

SENATOR LAUTENBERG: Describe the status and/or disposition of all international route cases considered in FY 86 and FY 87.

ANSWER: The carrier-selection cases and their disposition or status are listed below:

FY 86

U.S.-Japan Gateways Cases: Delta awarded Portland-Tokyo; American awarded Dallas/Ft. Worth-Tokyo.

Denver-London Service Case: Continental selected.

FY 87

U.S.-Japan Small Package Service Case: Administrative Law Judge's (ALJ's) Recommended Decision (RD) served March 4, 1987; DOT decision pending.

Texas-Mexico 1986 Service Case: ALJ's RD served March 24, 1987; DOT decision pending.

Seattle/Portland-Japan Service Review Case: Hearing March 9, 1987; ALJ's RD pending.

London Gateways Case: Piedmont awarded Charlotte and Delta awarded Cincinnati.

Baltimore-London Service Case: TWA selected.

Seattle-Vancouver Service Case: Instituted March 5, 1987; tentative decision pending.

SENATOR LAUTENBERG: Also, provide an estimate of economic value of the international routes allotted or reallocated during this period.

ANSWER: For the completed cases cited above, the selected carriers' estimated first-year revenues are as follows: Portland-Tokyo (Delta) $51.5 million; Dallas/Ft. Worth-Tokyo (American) $85.4 million; Denver-London (Continental) $50.8 million; Charlotte-London (Piedmont) $39.8 million; Cincinnati-London (Delta) $55.9 million; Baltimore-London (TWA) $46.8 million. For the pending cases, evidence of value is still under Department review.

AIRLINE LICENSE APPLICATIONS

SENATOR LAUTENBERG: How many airline licensing cases did you process in FY 86? So far in FY 87?

ANSWER: A summary of international licensing cases processed follows:

	FY 86	First Half FY 87
U.S. Carrier Certificates	17	10
U.S. Carrier Exemptions	52	72
Total U.S. Carrier Licenses	69	82
Foreign Air Carrier Permits	25	16
Foreign Carrier Exemptions	84	44
Total Foreign Carrier Licenses	109	60

SENATOR LAUTENBERG: Provide a summary of the status and/or disposition of the airline license applications reviewed in FY 86 and FY 87.

ANSWER: The summary follows:

	FY 86	First Half FY 87
U.S. Carrier Certificates Granted	4	6
Denied	6	3
Dismissed	7	1
Pending, End of Period	N/A	129
U.S. Carrier Exemptions Granted	37	64
Denied	7	2
Dismissed	8	6
Pending, End of Period	N/A	111
Foreign Carrier Permits Granted	18	15
Denied	3	0
Dismissed	4	1
Pending, End of Period	N/A	120
Foreign Carrier Exemptions Granted	63	36
Denied	4	1
Dismissed	17	7
Pending, End of Period	N/A	107

(NOTE: A majority of the cases pending represents either requests by carriers for authority which they already hold in another form or applications which, on consideration, have been deferred for policy reasons.)

POLICY OFFICE TRAVEL

SENATOR LAUTENBERG: Please update the table displaying the cost and purpose of travel appearing on page 891 of last year's Senate Hearings. Also, please list the participants in the various conferences and negotiations for which travel funds were/are used by name and position.

ANSWER: The information follows.

Office of the Assistant Secretary for Policy and International Affairs

5-9-86 - 4-9-87

Destination	Purpose and Traveler	Duration Days	Cost	# Participants
FY 1986				
May				
Tokyo, Japan 5-9-86	Bilateral Negotiations Edward Oppler, Deputy Director, Office of Int'l Aviation Relations	10	3,050	1
London, England 5-25-86	Bilateral Negotiations Rosalind Ellingsworth, Asst. Director, Office of Int'l Aviation Relations, and Mary Street, Transportation Industry Analyst	7	3,298	2
June				
Praque, Chez Budapest, Hungary Ankara, Turkey 6-7-86	Bilateral Negotiations Thomas Colwell, Director, Office of Int'l Aviation Relations	13	2,829	1
Quito, Ecuador 6-28-86	Civil Aviation Negotiations Carolyn Coldren, Transportation Industry Analyst	7	1,451	1
July				
Bern, Switzerland 7-26-86	U.S. Delegation Charles Mallalieu, Transportation Industry Analyst	7	2,332	1
August				
Bonn, Germany 8-25-86	Civil Aviation Negotiations Charles Mallalieu Transportation Industry Analyst	7	2,011	1
London, England Bonn, Germany 8-26-86	Speech - Financial Times Bilateral Negotiations Matthew V. Scocozza, Asst. Secy. for Policy & International Affairs	4	2,523	1
September				
Tokyo, Japan 9-21-86	Civil Aviation Negotiations, Edward Wilbur, Transportation Industry Analyst	7	3,478	1

Destination	Purpose and Traveler	Duration Days	Cost	# Participants
FY 1987				
October				
Montreal, Quebec 10-5-86	ICAO General Assembly John Kiser, Transportation Industry Analyst	7	831	1
Ottawa, Canada 10-6-86	U.S. Delegation Philip Haseltine, Deputy Assistant Secretary for Policy & International Affairs	2	785	1
Ottawa, Canada 10-20-86	U.S. Delegation Nancy MacRae, Chief, Maritime & Surface Division	4	642	1
London, England 10-18-86	Bilateral Negotiations Rosalind Ellingsworth, Assistant Director, Ofc. of Int'l Aviation Relations and Mary Street, Transportation Industry Analyst	7	3,862	2
Calgary, Alberta Canada 10-22-86	Speech - International Aviation, Matthew V. Scocozza, Asst. Secretary for Policy & Int'l Affairs	2	1,628	1
Dublin, Ireland 10-26-86	Consultation with Irish Government to establish a preinspection program at airport, Clifford Woodward, Int'l Transportation Specialist	6	1,800	1
November				
Rio de Janiero Brasilia, Brazil 11-1-86	Bilateral Civil Aviation Negotiations, Rosalind Ellingsworth, Asst. Dir., Office of International Aviation Relations,	8	2,351	2
	and Carolyn Coldren, Transportation Industry Analyst	15	3,746	
Far East 11-3-86	Maritime Negotiations Arnold Levine, Asst. Dir., Office of Int'l Transportation and Trade	12	4,900	1
Singapore 11-7-86	ICAO Conf./Slot Allocation Cynthia Burbank, Transportation Policy Analyst	8	2,352	1
Montreal, Quebec 11-23-86	ICAO Fares & Rate Agnes Trainor, Transportation Industry Analyst	14	2,000	1

Destination	Purpose and Traveler	Duration Days	Cost	# Participants
FY 1987				
December				
Honolulu, Hawaii 12-2-86	U.S./Canada Facilitation Conference, Clifford Woodward, Int'l Transportation Specialist	4	1,021	1
Rio de Janeiro, Brazil 12-7-86	U.S. - Brazil Bilateral Maritime Negotiations Nancy MacRae, Chief, Maritime & Surface Division	4	2,000	1
Paris, France 12-7-86	ECAC Negotiations Donald Litton, Chief, Western Europe Division	7	1,317	1
Paris, France 12-7-86	ECAC Negotiations John Kiser, Transportation Industry Analyst	7	1,881	1
Aruba, Jamaica 12-15-86	Bilateral Inspection Clifford Woodward, Int'l Transportation Specialist	5	1,614	1
January				
Bonn, Germany 1-10-87	U.S. Delegation Edward Oppler, Director, Office of Int'l Aviation Relations	7	1,659	1
Mexico City, Mexico 1-27-87	U.S. Delegation Rosalind Ellingsworth, Asst. Dir., Office of Int'l Aviation Relations and Carclyn Coldren, Transportation Industry Analyst	3	1,036	2
Montreal, Quebec 1-17-87	Seminar on IATA Edwin Neiderberger, Transportation Industry Analyst	5	543	1
February				
Paris, France 2-7-87	ECAC Negotiation Rosalind Ellingsworth, Asst. Dir., Office of Int'l Aviation Relations and John Kiser, Transportation Industry Analyst	7	4,625	2
March				
London, England 3-2-87	To chair U.S. CSG Dialogue Arnold Levine, Asst. Dir., Office of Int'l Transportation & Trade	4	1,325	1
Montreal Quebec 3-3-87	Canadian Industrial Transportation League (CITL) and Maritime, Nancy MacRae, Chief, Maritime and Surface Division	3	539	1

Destination	Purpose and Traveler	Duration Days	Cost	# Participants
FY 1987				
March				
Ottawa, Canada 3-11-87	Free Trade Negotiation Rosalind Ellingsworth, Asst. Dir., Office of Int'l Aviation Relations	3	396	1
April				
Paris, France 4-9-87	Int'l Herald Tribune Centennial Conference, Matthew Scocozza, Assistant Secretary for Policy and Int'l Affairs	6	2,180	1

GOVERNMENTAL AFFAIRS

SENATOR LAUTENBERG: Provide a list of your contracts for F.Y. 86 and F.Y. 87, indicating the amount, recipient, purpose and expected work product for each. Also, identify the principal contractors/consultants responsible for the work for which the contract was awarded, i.e., name the individuals as well as the organization.

ANSWER: The following list identifies procurement activities for the Office of the Assistant Secretary for Governmental Affairs. Salaries and Expenses funds have been indicated with an asterisk (*) to distinguish from Research and Development funds.

FISCAL YEAR	AMOUNT	RECIPIENT CONTRACTOR/INDIV	PURPOSE/PRODUCT
86	8,000.00	Bellomo-McGee Sal Bellomo	Development of Needs and Programs Study of state and local governments
86	24,553.00* 28,258.00	Evaluation Technologies Inc. William Walker Scott Newman	Operation of a document dissemination center to state and local governments
87	70,000.00 26,000.00*	Kendrick & Co. J.Z. Williams Scott Newman .	New contractor to operate a document dissemination center
87	20,000.00*	Public Technology Inc. John Parker	Development of information bulletins
87	40,000.00	pending procurement	Development of a casebook of projects on safety related programs and initiatives

FISCAL YEAR	AMOUNT	RECIPIENT CONTRACTOR/INDIV	PURPOSE/PRODUCT
87	15,000.00	pending procurement Transportation Systems Center	Support of technical assistance activities and toll-free hotline
87	5,000.00	pending procurement National Bureau of Standards	Support of the Federal Laboratory Consortium
87	20,000.00	pending procurement selection	Study on barriers to innovation in research and development

SENATOR LAUTENBERG: Provide a breakout of the workyears allocated among the several activities mentioned in the justification.

ANSWER: The following is a breakout of the workyears as requested:

	FY-87	FY-88
Immediate Office of the Assistant Secretary	10.0	9.0
Office of Congressional Affairs	14.8	14.8
Office of Intergovernmental and Consumer Affairs	24.5	24.5
Office of Technology and Planning Assistance	4.7	4.7
TOTAL FTE	54.0*	53.0

*Only 51.0 FTE's are fully funded.

NATIONAL AIRSPACE PLAN

SENATOR LAUTENBERG: The justification states that one of the responsibilities of the Assistant Secretary for Administration is "to provide staff advice to the Secretary on Major System Aquisitions." What role has this office played with respect to NAS Plan procurements? What recommendations have you made for improving the management of NAS Plan implementation?

ANSWER: This office serves as the Executive Secretary for the Transportation Systems Acquisition Review Council (TSARC) which reviews all procurements for major systems. In this capacity, comments are solicited from and coordinated with the various TSARC members; assistance is provided to resolve substantive

issues raised by the members; draft position papers are prepared for TSARC consideration; and correspondence reflecting decisions are prepared. In performing this function, FAA's NAS acquisition plans are reviewed to ensure that proposals meet required standards.

Procurement reviews are provided on contracts and/or modifications to contracts awarded as part of the NAS Plan. We also participate in quarterly reviews of all NAS major system acquisitions, and work with FAA senior management to address program and business issues related to NAS programs. Contract awards for these procurements are recommended by Source Evaluation Boards (SEB), with the final selection being made by the Source Selection Official (SSO). This official, depending upon the value of the contract, is either the Assistant Secretary for Administration or the Deputy Secretary. A member of this office serves on SEB's, and prepares recommendations to the SSO on how to proceed with the procurement.

A number of recommendations have been made, in conjunction with other OST staff, concerning NAS Plan programs. In addition, some of these staff members are currently participating in the benefit/cost study to determine the most cost effective way to acquire the Advanced Automation System (AAS) or an alternative approach to AAS. Additionally, this Office has worked with FAA management to make changes in a number of NAS programs. These include, but are not limited to:

- Restructuring the Advanced Automation System program to control program costs and provide for additional testing of critical components before production is authorized;
- Restructuring the Flight Service Automation Program to eliminate the Model 2 phase of the program;
- Validating the cost effectiveness of the Fleet Conversion Program and deferring the purchase of aircraft that are not cost effective;
- Introducing contractor cost sharing into the design phase of the Voice Switching and Control System;
- Reevaluating the approach to purchasing Automated Weather Observing Systems to better utilize available off-the-shelf technology; and
- Restructuring the proposed Technical Support Services Contract, to more effectively utilize Martin Marietta and FAA resources with respect to NAS field implementation.

ADMINISTRATION

SENATOR LAUTENBERG: You are requesting an increase of $50,000 for furniture and equipment purchases. What do you plan to purchase exactly?

ANSWER: Planned purchases for FY 1988 include typewriters, calculators, dictating equipment and time/

date stamps--equipment that typically is not repairable, has a history of high maintenance cost, and is not available from the GSA excess program. Other planned purchases include miscellaneous equipment (telecopiers, code-a-phones, pagers and audio visual equipment) and replacement furniture (all types of chairs, typing stands and filing equipment) to fill requirements of OST offices.

SENATOR LAUTENBERG: Do you plan to buy new furniture and equipment or will you requisition items from surplus GSA stocks?

ANSWER: Before acquiring any replacement equipment, we make any economical repairs to existing equipment. If equipment cannot be repaired, we determine if there is any equipment on hand that will serve the functional need. If no equipment is available, for either replacement items or new equipment requirements, we determine if acceptable items are available through the GSA excess program. If excess is not available, then we purchase new items to fill our requirements. Furniture is handled similarly to equipment. We first use any furniture on hand to fill the requirement. If usable furniture is not on hand, we check to see if any is available through the GSA excess program. If acceptable items are not available, we attempt to rehabilitate on hand used furniture through the GSA contract program. If needs cannot be met, any other way, we acquire new furniture through GSA Schedule Contracts.

PERFORMANCE AWARDS

SENATOR LAUTENBERG: Provide a list of all SES bonuses and PMRS awards awarded for F.Y. 86 for each office within OST.

ANSWER: Following is the requested information.

SES PERFORMANCE AWARDS

OFFICE OF CIVIL RIGHTS
One SES bonus for $7,000

OFFICE OF THE ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS
One SES bonus for $13,740
One SES bonus for $9,750
One SES bonus for $13,350

OFFICE OF THE GENERAL COUNSEL
One SES bonus for $13,350
One SES bonus for $13,740
One SES bonus for $4,750

OFFICE OF THE ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS
One SES bonus for $11,250
One SES bonus for $6,850
Five SES bonuses for $4,750
One SES bonus for $4,900

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION
One SES bonus for $7,300
One SES bonus for $11,500
Two SES bonuses for $6,350
One SES bonus for $4,750

PMRS PERFORMANCE AWARDS

IMMEDIATE OFFICES OF THE SECRETARY
Three awards for $1,314
One award for $1,117
Two awards for $946
One award for $315

OFFICE OF THE ASSISTANT SECRETARY FOR BUDGET AND PROGRAMS
Two awards for $1,905
Two awards for $1,619
One award for $1,372
Four awards for $635
Five awards for $540
Three awards for $457

OFFICE OF SMALL AND DISADVANTAGED BUSINESS UTILIZATION
One award for $438
Three awards for $372

OFFICE OF CIVIL RIGHTS
One award for $1,359
One award for $1,323
Two awards for $1,314
Two awards for $1,117
Two awards for $946
Two awards for $372
Two awards for $315

OFFICE OF THE ASSISTANT SECRETARY FOR PUBLIC AFFAIRS
Three awards for $1,118
Four awards for $950
Three awards for $805

OFFICE OF COMMERCIAL SPACE TRANSPORTATION
Two awards for $1,314
One award for $1,117
One award for $438

OFFICE OF THE ASSISTANT SECRETARY FOR POLICY AND INTERNATIONAL AFFAIRS
Seventeen awards for $1,599
One award for $1,156
Sixteen awards for $1,359
One award for $1,331
Two awards for $1,314
Four awards for $1,151
Three awards for $1,117

Twenty-one awards for $533
Fifteen awards for $453
One award for $438
Seven awards for $384
One award for $372
Four Awards for $315

OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AFFAIRS

One award for $1,279
Three awards for $1,209
One award for $1,156
One award for $1,121
One award for $1,028
One award for $913
One award for $899
One award for $870
Five awards for $403
Two awards for $343
Three awards for $290

OFFICE OF THE GENERAL COUNSEL

One award for $1,359
One award for $1,351
One award for $1,331
One award for $1,320
One award for $1,314
One award for $1,299
Two awards for $1,257
Three awards for $1,243
One award for $1,209
One award for $1,207
One award for $1,191
One award for $1,185
One award for $1,150
One award for $1,147
One award for $1,146
Eight awards for $1,131
One award for $978
One award for $973
Five awards for $961
Two awards for $814
Ten awards for $377
Thirteen awards for $320
Four awards for $271

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

One award for $3,522
Two awards for $3,018
Three awards for $2,583
One award for $2,565
One award for $2,337
Two awards for $2,238
Two awards for $2,211
One award for $2,196
One award for $1,986
Three awards for $1,902

One award for $1,860
One award for $1,622
One award for $1,174
Two awards for $1,006
Three awards for $998
Six awards for $867
Three awards for $861
Ten awards for $855
One award for $845
Four awards for $779
Two awards for $746
Ten awards for $737
Five awards for $732
Two awards for $724
Three awards for $662
One award for $636
Two awards for $634
Two awards for $624
Five awards for $620
Three awards for $541
Two awards for $537
Two awards for $458

SENATOR LAUTENBERG: Provide the name, grade, and compensation of each recipient and a brief explanation of the reason for his or her selection for the award.

ANSWER: Attached is a listing of names, grades and compensation of each recipient of an SES bonus and a PMRS performance award. PMRS employees receive awards based on their performance for the previous year. The Department of Transportation Performance Appraisal System provides that each employee who has received a performance rating of Outstanding or Exceptional will receive an award.

SES PERFORMANCE AWARDS

Melissa J. Allen, ES-3 - $66,232, $7,300 Award

Outstanding performance in the areas of policy development and program planning, program direction and responsiveness, and human resource management.

Joseph F. Canny, ES-4 - $68,700, $4,750 Award

Outstanding performance in assuring continued progress in eliminating unnecessary economic regulation of the transportation industry. Outstanding management of the Office of Transportation Regulatory Affairs.

John V. Coleman, ES-5 - $70,500, $4,900 Award

Outstanding performance in program activities involving essential air service, anti-trust, international routes, and the Department's deregulatory initiatives.

John J. Collins Jr., ES-4 - $68,700, $13,740 Award

Outstanding performance in furthering the Department's legislative objectives, and for demonstrating his effective management, his understanding of policy priorities, and his excellent legal skills.

William H. Fitzgerald, ES-5 - $70,500, $13,350 Award

Outstanding contribution to the successful completion of the Department's FY 1987 appropriations process before Committees and in the Congressional process.

Vance Fort, ES-5 - $70,500, $11,250 Award

Outstanding performance in providing critical support, formulation and participation in international and maritime issues, aviation security, and his superb representation of the Department in Congressional hearings, and other public forums.

Paul Gretch, ES-4 - $$68,700, $4,750 Award

Successfully completed the transition of the Civil Aeronautics personnel and functions to the Department. Outstanding performance of the regulatory responsibilities of the Office of Aviation Operations.

William T. Hudson, ES-5 - $70,500, $7,000 Award

Outstanding performance in increasing/improving the productivity, professionalism, and quality and quantity of the work product of the Departmental Office of Civil Rights.

Rosalind A. Knapp, ES-5 - $70,500, $13,350 Award

Outstanding leadership in providing legal and policy guidance on Departmental programs and initiatives.

George W. McDonald, ES-1 - $61,296, $9,750 Award

Outstanding performance in supporting the development and justification of the Department's FY 1987/1988 budgets.

Carolina L. Mederos, ES-4 - $68,700, $13,740

Outstanding performance in serving as the Chairwoman of the Department's Safety Review Task Force. Also was the only recipient in 1986 of the Department's highest honor, the Secretary's Award for Outstanding Achievement awarded in recognition of her outstanding work and creative leadership.

Patrick V. Murphy, ES-4 - $68,700, $4,750 Award

Outstanding performance in program activities involving essential air service, anti-trust, international routes, and the Department's deregulatory initiatives.

Edward P. Oppler, ES-4 - $68,700, $4,750 Award

Outstanding performance in bilateral aviation negotiations.

Angelo Picillo, ES-4 - $68,700, $4,750 Award

Outstanding performance in organizational planning and human resource management.

Samuel Podberesky, ES-4 - $68,700, $4,750 Award

Demonstrating the highest levels of leadership, legal and analytical skills, and policy understanding. Outstanding performance in directing the enforcement of the Federal Aviation Act.

Jon H. Seymour, ES-6 - $72,300, $11,500 Award

Outstanding leadership in directing the Department's administrative programs.

Donald Trilling, ES-4 - $68,700, $6,850 Award

Outstanding performance and support for the Office of Commercial Space Transportation's initiatives toward the commercialization of space transportation.

John E. Turner, ES-3 - $66,232, $6,350 Award

Outstanding performance as Director of Information Resource Management in the areas of policy development, program direction and communication, program monitoring and evaluation, and responsiveness.

Richard F. Walsh, ES-4 - $68,700, $4,750 Award

Outstanding performance in the management of aviation regulatory functions and economic studies.

Diana L. Zeidel, ES-3 - $66,232, $6,350 Award

Outstanding performance in policy development, program direction and communication, and responsiveness in directing the Department's personnel programs amid competing interests.

PMRS PERFORMANCE AWARDS

NAME	GRADE	AWARD
ELLIS, CHARLOTTE S.	15	$ 1,314
LEDDEN, MELINDA R.	15	$ 1,314
SMITH, JEANNE E.	14	$ 1,117
HUTCHINSON, LINDA G.	15	$ 1,314
STEEVES, DORIENE M.	13	$ 315
RAGSDALE, CONSTANCE	13	$ 946
FEDE, ROBERTA R.	13	$ 946
MILLER, RICHARD L.	15	$ 635
HOCHMAN, JILL L.	14	$ 540
LAWHEAD, MERRY EVANS	15	$ 1,905
LITTY, STEVEN C.	14	$ 540
MOGA, WILLIAM	14	$ 540
TROST, WILLIAM F.	14	$ 540
BENNETT, JACK M.	14	$ 540
HUTCHINSON, MARY CLA	13	$ 1,372
PETTY, SUSAN B.	14	$ 1,619
WILLIAMS, EVA M.	13	$ 457
STEWART, VIRGINIA D	13	$ 457
CLASEN, MARC T.	15	$ 635
HEIMANN, JOHN J.	15	$ 635
MARRS, KATHLEEN A.	14	$ 1,619
SALE, JAMES E.	15	$ 635
STIEGER, PAUL R.	13	$ 457
TOWNES, DABNEY A.	15	$ 1,905
ABBOTT, KAREN A.	15	$ 438
HARBOUR, WENDELL K.	14	$ 372
WALTERS, JOHN M.	14	$ 372
MOORE, WILL T.	14	$ 372
GREER, ROOSEVELT JR	15	$ 1,323
WILLIAMS, WILBUR	14	$ 1,117
DAVIS, OSCAR FAYE	15	$ 1,314
NORMAN, JOYCE	14	$ 1,117
SANO, LINDA A.	13	$ 946
COATES, ROBERT J.	15	$ 1,359
DAVIS, WILLIAM O SR	13	$ 946
HOLLOWAY, GEORGE L I	14	$ 372
MARIANI, LUIGI	13	$ 315
PLATER, JOHN O JR	13	$ 315
AUSTIN, JOSEPH E.	14	$ 372
THOMAS, DORSEY R.	15	$ 1,314
BOWLES, NORMAN	15	$ 1,314
DAUBE, KARLYN E.	15	$ 1,314
LINNERTZ, ANN M	14	$ 1,117
RAPPAPORT, CARL	15	$ 438
BENNETT, RANDALL D.	15	$ 1,359
BOYD, WILLIAM C.	15	$ 1,314
MCCAMANT, JOHN R.	13	$ 315
QUAY, JOHN L	14	$ 1,117
CRAUN, JAMES M JR	15	$ 1,314
DAVIS, JANET A.	13	$ 315
DEVANY, DENNIS J.	14	$ 1,117
SAUERS, DON C.	15	$ 1,331
BINGHAM, WILLIAM A J	14	$ 1,117
DIETRICH, LUTHER R.	13	$ 315

FOLEY, DENNIS P.	13	$ 315
HILGERT, RONALD J.	15	$ 438
HOKANSON, JOHN R.	15	$ 1,359
RICHARDS, DAVID B.	14	$ 372
WATKINS, WAYNE S.	14	$ 1,156
BROWN, MAUREEN W.	13	$ 805
PRIDMORE, ROY D.	13	$ 805
WENDT, LUCILLE R.	13	$ 805
OLSEN, MICHAEL J.	15	$ 1,118
MARX, ROBERT S.	15	$ 1,118
POLLOCK, ALAN M.	15	$ 1,118
BEASLEY, ROBERT M.	14	$ 950
MARTIN, WILBUR F.	14	$ 950
LIMA, REBECCA H.	14	$ 950
WHITE, ELIZABETH L.	14	$ 950
MEYER, ALICE M.	14	$ 1,359
MCGUIRE, CHARLES W.	15	$ 1,599
HARMAN, JOHN E.	15	$ 533
NUTTER, ROBERT D.	15	$ 1,599
THURBER, ROBERT P.	15	$ 1,599
CRECCO, ROBERT	14	$ 453
KONHEIM, ARNOLD G.	15	$ 533
LASTER, IRA JR	15	$ 1,599
MITTELHOLTZ, CAMILLE	14	$ 1,359
DAILEY, VICTORIA A.	14	$ 1,359
RASTATTER, EDWARD H.	15	$ 1,599
STEIN, ROBERT I	14	$ 453
PEAK, JOHN T.	14	$ 1,359
LEVINE, ARNOLD L.	15	$ 1,599
MACRAE, NANCY K.	15	$ 1,599
SCHUMAIER, C. PETER	15	$ 533
ALLEN, BERNESTINE	14	$ 1,359
ALLEN, MILDRED S.	13	$ 384
EYMONERIE, JOHN J.	14	$ 453
RAMUNDO, BERNARD A.	15	$ 533
ROBINSON, FRANK S.	15	$ 533
VANDERVOORT, CHARLES	14	$ 1,359
BUTTERWORTH, BRUCE R.	15	$ 1,599
MARVICH, M. DENNIS	13	$ 384
WILEY, EVANS E.	14	$ 453
WOODWARD, CLIFFORD W.	14	$ 453
IGO, DONALD J.	15	$ 533
BURBANK, CYNTHIA J.	15	$ 1,599
GARCIA, FRANKLIN D.	14	$ 453
LANGELAN, MARTHA J.	14	$ 1,359
PARKER, ELIZABETH	15	$ 1,599
WEIL, RAYMOND JR	14	$ 1,359
WEINER, EDWARD	15	$ 533
BARBATO, PHILIP J.	15	$ 533
DECKER, ROBERT L.	15	$ 533
EBERSOLE, NANCY T.	14	$ 453
LOUGEE, DUANE A.	15	$ 533
MURPHY, ROBERT D.	15	$ 533
SWERDLOFF, CARL N.	15	$ 533
WIGGERS, GEORGE F.	15	$ 533
BOWSER, PAUL B.	14	$ 453
COLEVAS, STEPHEN J.	14	$ 453
MARCHESSAULT, THOMAS	14	$ 453

PHILLIPS, LAURENCE T.	15	$ 1,599
SCHMIDT, JOHN P.	14	$ 453
TRAINOR, AGNES M.	13	$ 384
BROWN, WILLIAM F.	15	$ 533
GAYNES, JEFFREY B.	15	$ 1,599
ASWALL, HERBERT P.	15	$ 533
KISER, JOHN H.	14	$ 1,359
NIEDERBERGER, EDWIN	13	$ 384
SCHRENK, JULIEN R.	15	$ 533
SHANGRAW, KEITH A. JR	13	$ 384
DYES, UWE F.	13	$ 384
MAY, THOMAS A.	14	$ 1,359
MCDOWELL, DESTA B.	15	$ 533
MOORE, THOMAS G.	15	$ 1,599
LOUGHLIN, RICHARD M.	15	$ 533
BINGHAM, GORDON H.	14	$ 453
WELLINGTON, GEORGE L.	14	$ 1,359
BROWN, ALLEN F.	13	$ 1,151
HEDGES, DANIEL C.	13	$ 384
SMITH, TERESA A.	14	$ 1,359
CARMODY, TIMOTHY E.	14	$ 453
KENNEDY, J KEVIN	13	$ 1,151
KEPPEL, JOHN D.	14	$ 453
MILAN, REGIS P JR	15	$ 533
SZEKELY, CAROL A.	14	$ 1,359
SZROM, PATRICIA T.	15	$ 1,599
ELLINGSWORTH, ROSALI	15	$ 1,599
LITTON, DONALD L.	15	$ 1,599
MALLALIEU, CHARLES R.	13	$ 1,151
STREET, MARY	13	$ 1,151
PETT, MARY IRENE	15	$ 533
MODESITT, DAVID B.	14	$ 453
WILBUR, EDWARD R.	14	$ 1,359
COLDREN, CAROLYN K.	15	$ 1,599
ROBINSON, STUART	15	$ 533
DEWHIRST, MARY K.	14	$ 1,028
MINNERY, PHYLLIS J.	13	$ 870
FARROW, SANDRA T.	15	$ 1,209
KRUKE,KEVIN HENRY	15	$ 1,209
MILLER, NANCY F.	15	$ 1,209
ROSENFELD, MITCHELL	15	$ 403
SPARKMAN D. DEAN	15	$ 403
BEACH, KATE T.	15	$ 403
HURST, PATRICIA E.	13	$ 290
WILLIAMS, ALLAIRE D.	15	$ 403
DECKER, HOYTE B JR	15	$ 1,279
KELLY, TIMOTHY J.	13	$ 899
WITT, DEAN A.	14	$ 1,156
LINEBERRY, C HERBERT	13	$ 290
BREWER, NANCY E.	13	$ 290
STEINMAN, PAUL R III	15	$ 403
STRICKMAN, NORMAN A.	13	$ 913
HOHL, JOHN E.	14	$ 343
JOHNSON, LEROY E.	14	$ 343
PAULHUS, NORMAN G.	14	$ 1,121
BOECK, CHARLOTTE S.	13	$ 814
BATES, MICHAEL S.	13	$ 978
DANN, JAMES R.	15	$ 1,185

DEELEY, HAROLD P JR.	15	$ 377
DIEDERICH, BERNARD F.	15	$ 377
GABEL, ROBERTA D.	15	$ 1,207
KESSLER, NANCY R.	15	$ 377
LANGAN-FEIRSON, MARY	15	$ 1,131
LORR, RICHARD M.	15	$ 1,243
LOWRY, NICHOLAS	13	$ 271
MEEKS, ROBERT R.	13	$ 271
METOYER, STEPHEN A.	14	$ 320
OWEN, MARC C.	15	$ 1,150
RIES, BARBARA	14	$ 320
ROSS, ROBERT	15	$ 1,257
TALAMON, BRADFORD K.	14	$ 320
TOCHEN, DAVID K.	14	$ 961
WILDENSTEINER, OTTO	15	$ 377
WILLIAMS, ALBERT M.	13	$ 814
WOLFE, GREGORY D.	15	$ 1,299
BARANKO, GEORGE S.	15	$ 1,131
BLOCH, PETER M.	14	$ 320
FERGUSON, GINA V.	13	$ 271
GOLDNER, ROBERT S.	15	$ 1,359
JENNISON, MICHAEL B.	15	$ 1,131
LEIBOWITZ, IRA	14	$ 320
MCDERMOTT, SUSAN E.	15	$ 1,314
MYERS, LAWRENCE R.	15	$ 377
ROSENOW, PETER H.	15	$ 1,320
SCHWARZKOPF, PETER B.	15	$ 377
SNYDER, PATRICIA N.	14	$ 973
STEPTOE, E JASON	15	$ 377
TOURTELLOT, CHRISTOP	14	$ 961
MILLARD, ALEXANDER J.	14	$ 320
MOLAR, BARRY L.	14	$ 320
OWENS, ALICE M.	15	$ 1,131
RAY, THOMAS L.	15	$ 1,351
REED, MARY B.	15	$ 1,243
SMITH, PAUL SAMUEL	14	$ 320
WEINSTEIN, KENNETH N.	15	$ 1,243
YOUNG, ROBERT D.	15	$ 1,147
DE CELL, JANE B.	14	$ 961
DONELAN, CLARE R.	15	$ 1,131
HERLIHY, THOMAS H.	15	$ 1,331
ASHBY, ROBERT	15	$ 1,209
KLOTHE, ROBERT S.	15	$ 1,191
MUSARRA, GERALD C.	15	$ 1,131
PETRIE, JOANNE G.	14	$ 320
RADLOFF, GWYNETH J.	13	$ 271
WHITEHORN, SAMUEL E.	14	$ 961
KAYLOR, PHYLLIS T.	15	$ 377
BATTAGLIA, NANCY	14	$ 320
UNDERWOOD, WILLIAM T.	15	$ 377
WHITE, JULIE ANN	14	$ 961
BROOKS, JOSEPH A.	15	$ 1,257
FARBMAN, STEVEN B.	14	$ 320
LEHMAN JR, DAYTON	15	$ 1,131
MAHONEY, THOMAS F.	15	$ 377
NOLAN, MICHAEL K.	14	$ 320
WAGNER, WILLIAM J.	14	$ 1,146
WINTERS, JULIANA M.	14	$ 320

WOLF, BETSY L.	15	$ 1,131
EWEN, PAULA D.	14	$ 541
HAMMOND, NANCY K.	14	$ 855
HARRIS, GLORIA K.	14	$ 2,565
NOVAK, VICKI A.	15	$ 3,018
BRUEGGE, ANTONIA T.	14	$ 855
BRADY, RODERICK P.	14	$ 855
MULCAHY, RICHARD M.	13	$ 724
STOKES, ROBERT F JR	14	$ 855
KASK, STANLEY S.,JR.	15	$ 3,018
RUNETT, DARRYL H.	14	$ 855
CRONIN, RICHARD J.	13	$ 724
JOHNSON, G. MARAIA	14	$ 855
RHOADS, LINDA H.	15	$ 1,006
BATT, GAIL A.	14	$ 855
SCHOSSLER, DENISE G.	14	$ 855
STOKES, ROBERT S.	14	$ 855
BUDNIK, JOHN E.	14	$ 855
HUFNELL, WILLIAM J.	15	$ 1,006
TATE, GLENDA M.	15	$ 3,522
CAHILL, MARY ELIZABE	13	$ 845
GORDON, RONALD L.	14	$ 998
BIRNBAUM, MARIE	14	$ 998
PERIN, STEPHEN	15	$ 1,174
ROCKWELL, MOLLIE C.	14	$ 998
BREITLER, ALAN L.	14	$ 2,211
CHANDLER, JOHN W.	15	$ 867
HOKE, BRADLEY H.	15	$ 867
KURIHARA, THOMAS M.	14	$ 737
ROBB, CHARLES M.	14	$ 737
SCALISE, GARY A.	14	$ 737
WILSON, ANNETTE C.	14	$ 737
AMENTA, JOYCE A.	15	$ 867
HEARN, LESLIE E.	15	$ 867
JOHNSON, ARTIS J.	13	$ 624
MIGUELINO, ELIAS J.	14	$ 737
MORGAN, WILLIAM C.	14	$ 737
BARRETT, MARY M.	14	$ 737
CHANTKER, ARTHUR F.	15	$ 867
GREEN, WILLIAM H., J	14	$ 737
HAHN, CAROLYN A.	13	$ 624
CORREIA, NANCY H.	14	$ 737
GLASSMAN, SANFORD	15	$ 867
LOFTIS, DELL J.	14	$ 2,211
PEMBERTON, RICHARD K.	15	$ 2,583
KENNEY, HARRY S. JR	15	$ 2,583
MCCULLOUGH, GARY W.	14	$ 2,196
BLEICHER, JOSEPH W.	14	$ 732
ROCKMAKER, PHILIP	15	$ 861
VOCKE, JOSEPH F.	14	$ 732
GRIGG, CRAWFORD F.	15	$ 2,583
KUEHN, GEORGE H.	14	$ 732
NEFF, CHARLES E.	13	$ 620
GRANDISON, LAWRENCE	13	$ 1,860
ESPINOZA, DANIEL R.	15	$ 861
FLAHERTY, MICHAEL	14	$ 732
LEONARD, LAWRENCE E.	15	$ 861
POEHLMAN, DOROTHY J.	14	$ 732

BURKE, MARY JO	13	$ 620
HAGGERTY, THOMAS M.	13	$ 620
NORRIS, LORETTA A.	13	$ 620
KINSTON,HARVEY E.	13	$ 620
BARHAM, OSWALD J.	14	$ 541
BLUM, CAROLYN C.	15	$ 2,337
CAREATTI, VINCENT	15	$ 779
MARTINO, ROGER	15	$ 779
ONEY, LYNNE L.	14	$ 662
MCLAUGHLIN, CHARLES	14	$ 662
TAYLOR, ROBERT G.	14	$ 1,986
VENTURA, CHARLES E.	15	$ 779
SCOTT, MARY LYNN	15	$ 779
LOY, JAMES A.	14	$ 662
TAYLOR, JOHN J.	15	$ 636
BRADY, JOHN F.	13	$ 458
GLASSBROOK, LLOYD H.	14	$ 1,622
MOSBY, NATHANIEL	13	$ 458
COLIHAN, THOMAS P.	14	$ 541
HENDERSON, GEORGE W.	15	$ 2,238
LECLAIR, DANIEL J.	15	$ 746
POLHAMUS, RICHARD A.	14	$ 1,902
SPITNALE, NELSON R.	14	$ 634
STOWE, DENNIS J.	15	$ 746
WESTON, RONALD A.	14	$ 634
CAPUANO, JOSEPH A JR	15	$ 2,238
MILLS, DONALD J.	14	$ 1,902
MOORE, CHARLES E.	14	$ 1,902
ROBERSON, ROSIE L.	13	$ 537
HILLEARY, JOSEPH B.	13	$ 537
HAHN, STEPHEN F.	14	$ 737

TPRD/COMMERCIAL SPACE

SENATOR LAUTENBERG: The justification (P. 55) states that most private launch companies do not have "the dedicated safety expertise needed to protect public safety". For this reason, you propose research on the skills and personnel requirements for safety management to enable private companies to operate their own launch facilities. Doesn't it make more sense to make government launch facilities available at a reasonable charge to the private launch concerns? This would assure maintenance of federal safety standards and controls and generate additional federal revenues.

ANSWER: Not only does it make sense to make government launch facilities available to private launch concerns but it is national policy to encourage use of the national ranges. In the near term, it will stimulate a portion of the commercial space market which has historically used those facilities. However, there is considerable interest in private launch facilities, particularly at the state and local government level. For example, the state of Hawaii is conducting a feasibility study on the establishment of a commercial launch range. A company's decisions on whether to launch commercial missions from government launch

facilities or from private facilities are based on several factors:

1) The effects that government range costs and schedules will have on their ability to be competitive;
2) Competition for resources and facilities during a period of heightened launch activity; and
3) Availability of range alternatives or other low cost launch options.

It is the private sector's choice to decide whether to use government or private launch facilities. DOT simply must be prepared to carry out its licensing responsibilities regardless of which sites are used.

Questions Submitted by Senator D'Amato

DELAYS/SAFETY

SENATOR D'AMATO: The Department is responding to the surge in air traffic delays in at least two ways: meetings with airlines to shift schedules at busiest airports (O'Hare, Atlanta, Philadelphia, Newark, Dallas/Fort Worth); and FAA will narrow high aircraft separation (from 15 to 10 miles). What assurance can you give the Congress that these moves are each advisable, and that separation reductions are based on controller competence rather than industry pressure?

ANSWER: As you are aware, 1986 delays reached an all-time record high of 417,644, an average of 1,144 flights per day. While weather continued to be the overwhelming cause of delays (typically it causes 65-70 percent of delays), airline scheduling practices contributed to the problem. At busy airports, airlines were scheduling more flights at peak hours than these airports were designed to handle. In responding to this surge in air traffic delays, the Department of Transportation gave top priority to rescheduling efforts with the Federal Aviation Administration (FAA) seeking voluntary scheduling adjustments from the airlines during peak traffic periods. These scheduling discussions started the week of March 16 and produced numerous mutually agreed upon schedule adjustments. Matching of scheduling demands with airport capacities will significantly reduce the number of delays directly attributable to airline marketing/scheduling practices.

Additionally, it is necessary to take aggressive steps where operationally feasible, to ensure that the air traffic system is fully responsive. To that end, more than 130 managers of our key facilities gathered at a National Traffic Management Conference in February to collectively plan strategies for improving system efficiency. The objective was to modify procedures, such as miles-in-trail restrictions, that had resulted in aircraft separation far greater than allowed by the separation standards. None of the strategies would contemplate a reduction of the distance necessary to ensure the safe separation of aircraft (i.e., less than 5 miles horizontal separation at high altitude). The conference attendees wanted to reduce unnecessary restrictions as much as possible, consistent with improved controller staffing and experience levels.

SENATOR D'AMATO: Have any incidents been reported in the southeastern region since the new separation policy went into effect?

ANSWER: The operational errors that have occurred in the Southern Region (the region that encompasses the southeastern United States) have been investigated. The reduction of miles-in-trail restrictions was not found to be a factor in any of them.

SENATOR D'AMATO: How can the FAA reduce en route separation without corresponding congestion at arrivals?

ANSWER: Reducing miles-in-trail (MIT) is not a reduction in separation standards. MIT is essentially a metering or volume controlling technique used regardless of the altitude/flight level of the aircraft involved. While safety is always paramount, we do intend to reduce restrictions on traffic whenever and wherever possible to reduce delays.

Although the National Traffic Management Conference held in Houston during the week of February 23 produced the first formalized nationwide plan, delay reduction initiatives aimed at reducing MIT restrictions have been an ongoing process since October 1986.

With current statistics for the first 6 months of fiscal year 1987 reflecting a 5.1 percent increase in aircraft operations and a 14.4 percent increase in delays over the same period in FY 1986, it is increasingly apparent that the need for MIT reducing initiatives is more than warranted.

With regard to congestion at the point of arrival, no substantial increase is expected in terms of airborne holdings. Airborne holding is a delay. Its only purpose, when it is planned, is to ensure that there is an adequate reservoir of aircraft at the destination to ensure that there are no gaps in the approach sequence. We do not plan as a matter of policy to return to prestrike levels of airborne holding.

DRUG SCREENING AT AIRPORTS

SENATOR D'AMATO: The Post reported (3/19/87) that airport security personnel were reprimanded when (or discouraged from) screening passengers for illegal drugs. What is the Federal role in this area? Shouldn't FAA work out a security system which is equally effective against drugs, as well as weapons, smuggling?

ANSWER: To fulfill our statutory obligations under Section 315 of the Federal Aviation Act of 1958, as amended ("Screening of Passengers"), passenger screening personnel must first and foremost screen for weapons, explosives, and incendiary devices. We must be and are concerned that efforts, however worthy on their own account, to assign these personnel ancillary tasks could detract from performance of this primary mission. The Department's commitment to countering drug abuse cannot be overstated. We are fully sensitive to the nation's need to combat illegal drugs. If, in the course of passenger screening, a security worker discovers drugs, it is appropriate for police to be notified.

DRUG EFFORT

SENATOR D'AMATO: Mr. Burnley, what was spent in the war on drugs by the Department for the last two years, and what is intended for the remaining years of this administration?

ANSWER: At the present time, the only internal (employee) programs we have operating in the Department of Transportation (DOT) are those conducted by the Federal Aviation Administration (FAA) and the Coast Guard (CG). Drug testing under the FAA program of employees in safety and security related positions began February 15, 1987. FAA estimates that the program will cost approximately $2 million per year. Coast Guard began testing on a service-wide basis in 1983. Centralized testing has been contracted out since 1985, at an approximate annual cost of $1 million. The contract provides for up to 67,500 samples to be collected and tested each year from all military recruits, officer candidates and cadets and, on a random basis, from all active-duty as well as selected reserve members. The DOT Drug Program, expected to be in operation early this summer, will cost between $3 million and $5 million per year. This cost includes coverage of FAA employees who will be included in the DOT program and applies only to internal programs. Expenditures necessary to implement the U.S. Coast Guard interdiction program are estimated at $552 million in FY 1987 and $575 million in FY 1988. Coast Guard spent $401 million in FY 1986.

In addition, the Federal Railroad Administration (FRA) estimates an annual cost of $200,000 to $250,000 for mahdatory, post-accident testing for possible alcohol and drug usage among railroad employees.

SENATOR D'AMATO: What, in your opinion, is the best way for the nation to reduce the availability of illegal drugs in this country?

ANSWER: The Department of Transportation (DOT) fully supports the Administration's comprehensive program to reduce both the availability and demand for illegal drugs in the United States. This program includes substantial interdiction efforts by air and sea, as well as demand reduction initiatives that are now coordinated through the National Drug Policy Board (NDPB), created by the President's recent Executive Order. As a member of the NDPB, the Secretary contributes to the development of national drug policy.

The Coast Guard has an effective and active drug interdiction program. The Agency gives this program a high priority and has committed substantial personnel and capital resources to it. The Coast Guard coordinates its activities closely with other Federal drug law enforcement agencies involved in the Administration's drug interdiction effort.

The Federal Aviation Administration (FAA) assists in identifying and intercepting airborne drug smugglers by using radar, posting aircraft lookouts, and tracking the movement of suspect aircraft through air traffic control centers. Additionally, the FAA supports Federal law enforcement agencies by providing technical expertise for radar surveillance projects and program development.

While interdiction focuses on reducing the availability of drugs within the U.S., demand reduction is also a key element in the Administration's efforts in achieving a drug-free society. Prevention, education, treatment and rehabilitation, and research provide the framework for a flexible response to this problem. In furtherance of this goal, DOT has aggressively pursued initiatives in all areas of

transportation and for DOT employees with the goal of a drug-free transportation system for the traveling public.

SENATOR D'AMATO: Why can't the Office of the Secretary get the Coast Guard to establish more precise drug interdiction goals, against which budget decisions could be made?

ANSWER: If by "goal" is meant the establishment of a specific percentage of interdiction, experience has shown that there is no accurate way to measure the level of illegal drugs being shipped and, without that basic data, it is not possible to develop meaningful interdiction goals. To quote a recent publication of the National Drug Enforcement Policy Board: "Solid quantifiable measures of interdiction effectiveness are particularly difficult to obtain....Estimates of the supply of drugs vary widely....Quantitative information may be readily available, but its reliability varies widely and it is subject to conflicting interpretation." We do, however, effectively establish levels of drug interdiction activity through the budgetary process, by establishing the overall level of funding which will support a targeted level of interdiction activity, and by also requesting funding for specific activities, facilities and equipment that sustain and enhance Coast Guard's drug interdiction capabilities.

SENATOR D'AMATO: The reported inter-agency dispute between Coast Guard and Customs troubles me. What is the current distribution of interdiction responsibility? Is this rivalry settled, and, if not, what outstanding issues are there?

ANSWER: Section 1373 of Public Law 99-661, the National Defense Authorization Act of 1987, requires the President to submit to Congress a comprehensive drug interdiction program not later than 180 days after enactment, which occurred on November 14, 1986. The program must include a clear division of authority in drug interdiction and drug enforcement efforts among all the involved agencies and a mechanism to ensure maximum coordination and cooperation. It must also designate a lead agency principally responsible for marine and air drug interdiction beyond U.S. borders, domestic and border drug interdiction, and domestic and foreign enforcement. The due date is mid-May, and all of the agencies involved are working strenuously to meet it. Until the program is submitted, I believe it would be premature to try to characterize which issues have been resolved and which remain outstanding. The important thing is that the issues are being addressed and that an effective mechanism -- the National Drug Policy Board -- exists to resolve them.

SENATOR D'AMATO: Is Customs duplicating existing Defense and FAA resources? (See Christian Science Monitor 3/19/87)

ANSWER: The effective pursuit of the war on drugs requires all of the capability that we now have and are funded to obtain. Customs's acquisition plans do take into account existing Defense and FAA resources. Presently FAA and DOD share the output of joint surveillance system (JSS) radars. Customs command, control, communications and intelligence (C3I) planning provides for use of JSS radar data. It should be noted, however, that the radar systems of Defense and FAA are not optimal for Customs use. Smugglers typically use slow moving, low flying aircraft. Defense radar was designed primarily for detection of high flying, fast

moving targets. FAA radar has a somewhat greater capability to detect slower, lower aircraft, but with its concern for aircraft separation and safety, it is more effective at acquiring and tracking higher altitude targets.

Questions Submitted by Senator Domenici

BIENNIAL BUDGET CYCLE

SENATOR DOMENICI: Calls for budget reform are increasingly heard as budget deadlines are too often missed, important budget decisions are delayed, appropriation bills and other direct spending legislation are held up in committee, and omnibus spending bills take the place of timely and orderly consideration of individual bills. One procedural reform that is being considered is the two-year budget cycle where budget and appropriations matters would be considered in the first year, and authorizations and oversight would be undertaken in the second year. Would your department/agency favor a biennial budget process? What benefits would your agency achieve in a two-year appropriation cycle?

ANSWER: The Administration is studying the subject of multi-year budgeting and whether to propose biennial budgeting for appropriations for accounts other than those in the national defense area. Biennial budgeting would appear to have substantial advantages for a number of agencies, not the least of which would be relief from the costly annual October 1 shutdown threat.

SENATOR DOMENICI: Approximately what proportion of your annual appropriation request would you consider simply repetitious of the previous year's submission?

ANSWER: There are currently no appropriation accounts in DOT that are considered so repetitious that they are not subject to some scrutiny on an annual basis. We have about 67 enacted appropriations or limitations in FY 1987. Of these, approximately: 30 are not proposed to be funded in 1988; 25 are capital or grant programs for which biennial budgeting would provide distinct advantages in planning; and 12 are operating type appropriations, which require annual review, but we believe that this review could be conducted within the constraints of a biennial appropriation.

SENATOR DOMENICI: What difficulties can you foresee in preparing and submitting a two-year budget to the Congress?

ANSWER: We do not see any particular difficulties in preparing and submitting a two year budget, per se. However, with a two year gap between appropriations, we would expect a substantial increase in the number of supplementals and, depending on the timing of the two year cycle, major revisions with each change in the Administration.

SENATOR DOMENICI: Would you expect to realize any budget savings if you could plan your agency budget on a two-year basis? If so, could you estimate how much?

ANSWER: We would not expect anywhere near a 50% workload reduction that one might assume in a two year cycle, because more

than half our budget review efforts go into the dozen or so operating accounts where most of our people are funded. Nevertheless, we would expect savings to be significant.

SENATOR DOMENICI: If you oppose the biennial budget concept, please give this subcommittee your reasons why.

ANSWER: We do not oppose the concept, and in fact, believe that it is very much worth exploring. Just addressing the 37 appropriations and limitations we generally support in our budget, we see significant gains and a minimum of negative aspects to getting our appropriations two years at a time.

OFFICE OF THE INSPECTOR GENERAL

STATEMENT OF JOHN W. MELCHNER, INSPECTOR GENERAL

ACCOMPANIED BY:

RAYMOND J. DECARLI, ASSISTANT INSPECTOR GENERAL FOR AUDITING

GLENN W. WIENHOFF, ASSISTANT INSPECTOR GENERAL FOR POLICY, PLANNING, AND RESOURCES

H. RAE SCOTT, ASSISTANT INSPECTOR GENERAL FOR INVESTIGATIONS

OPENING REMARKS

Senator LAUTENBERG. We are going to take up your budget request, Mr. Melchner. We welcome you here. We appreciate the importance of the work that you do, and we expect, as usual, that you will continue to pursue its responsibilities aggressively. We know from experience that despite good intentions we cannot take things, important things for granted. The battle against fraud and waste has to be waged vigorously, and the inspector general and the staff are on the front lines. The myriad transportation programs and services for which we appropriate funds must be administered economically, efficiently, and effectively, and new grants and contracts must not be viewed as easy targets for those who would subvert the system, and we depend on you and your organization to help assure that the controls are in place.

The reports that we get, though, indicate we still have a long way to go. It does not mean that progress has not been made. In this regard we are always pleased to hear of OIG's accomplishments. And I would at this time invite you to make your statement, and keep it fairly short. You have been here a long time. And we will take yor full statement into the record. We invite you to start and introduce your colleagues.

OPENING STATEMENT

Mr. MELCHNER. Thank you, Mr. Chairman. I am pleased to be here today for the first time as the Inspector General of the Department of Transportation, to discuss our budget request for 1988.

With me are Mr. Raymond DeCarli, Assistant Inspector General for Auditing; Mr. Glenn Wienhoff, Assistant Inspector General for Policy, Planning and Resources; and Mr. Rae Scott, Assistant Inspector General for Investigations.

Our budget request is for $30.1 million and 471 positions. I am requesting funding to provide for nondiscretionary increases primarily for the cost of the new Federal Employee Retirement System, and the full cost of the January 1987, pay raise. Additional funds are also requested

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for the cost of the new performance management system for GS employees, increased rates for office rental paid to the General Services Administration, and increased costs associated with telephones.

PREPARED STATEMENT

At this juncture I will cut off my statement and provide the full one for the record. It briefly goes over what our accomplishments have been but it would stand equally well in the record. I would be pleased to answer questions if you wish.

Senator LAUTENBERG. We appreciate that.

[The statement follows:]

STATEMENT OF JOHN W. MELCHNER

GENERAL STATEMENT

Mr. Chairman and members of the subcommittee, I am pleased to be here today for the first time as Inspector General of the Department of Transportation to discuss the Office of Inspector General's (OIG) Fiscal Year (FY) 1988 budget request. With me are Mr. Raymond J. DeCarli, Assistant Inspector General for Auditing; Mr. Glenn Wienhoff, Assistant Inspector General for Policy, Planning, and Resources; Mr. Rae Scott, Assistant Inspector General for Investigations.

Our budget request is for $30.1 million and 471 positions. I am requesting funding to provide for nondiscretionary increases primarily for the cost of the new Federal Employees Retirement System and the full year cost of the January 1987 pay raise. Additional funds are also requested for the cost of the new performance management system for GS employees, increased rates for office rental paid to the General Services Administration, and increased costs associated with telephones.

ACCOMPLISHMENTS

During Fiscal Year 1986, the OIG issued 1,827 audit reports and made recommendations to improve the economy, efficiency, and effectiveness of DOT programs and operations with a potential impact of $957 million and questioned the eligibility of $74 million of costs. The resolution of audit findings resulted in management commitments to seek recoveries and more effectively use resources amounting to $997 million.

We opened 196 reactive investigative cases and closed 173 cases. Investigative and prosecutive efforts during this period resulted in 56 convictions; 95 indictments; $15 million in fines, restitutions, and recoveries; 127 debarments; 107 other administrative actions; and 45 years in prison sentences.

When audit and investigative accomplishments are taken together, the financial benefits equal more than 38 times the amount of our FY 1986 obligations of $26 million.

CURRENT OPERATIONS

We are currently involved in several projects for the President's Council on Integrity and Efficiency (PCIE). We are looking into the Federal Governmentwide improvements in standards, procedures, documentation, and operations affecting computer systems integrity. We are cochairing this effort with the Inspector General of the National Aeronautics and Space Administration. We are also chairing a PCIE project, working with the Office of Personnel Management to improve the system for hiring entry level auditors.

A program of "protective audits" has been implemented. These audits are designed to provide limited coverage to the internal controls of the business management functions of smaller facilities which would not normally be covered under routine audits of Departmental programs and activities. "Protective audits" are designed to provide management with a quick assessment of management practices and internal controls in order to assure that the Government's resources are properly protected. If these limited audit tests point to significant problems, further full scope audits will be scheduled.

We are continuing to review the National Airspace (NAS) Plan. Audit reports were issued on Federal Aviation Administration's weather observation and information systems and the interface between the National Aviation Weather Processing Facilities and the National Airspace Data Interchange Network. As a result, FAA and the Department of Commerce are now working closely together on the development and acquisition activities of the Central Weather Processor and the Automated Weather Observation System (AWOS). An out growth of this coordination is that uncommitted AWOS requirements will be fulfilled through National Weather Service.

We are also continuing to review United States Coast Guard (USCG) procurements. The USCG and the Office of the Secretary are making progress in improving the procurement system. The establishment of the USCG Office of Acquisition should result in requirements being tailored to available equipment rather than to requirements and specifications unique to the USCG. We have scheduled additional work in this area in view of the magnitude of the dollars involved and the problems previously identified.

Bid rigging continues to require large amounts of investigative resources. We have had indictments and convictions in 26 states, and we have active investigations in 21 other states. This includes two states where we have reopened investigations. In FY 1986, we had a total of 42 bid rigging indictments. So far in FY 1987, we have had a total of 21 bid rigging indictments. Nine of these indictments were obtained in California relative to a conspiracy in electrical contracting. This case represents one of our first indictments of bid rigging occurring in a non-asphalt highway construction industry. If widespread, this may provide more of an insight into the pervasive nature of bid rigging throughout all aspects of the highway construction industry.

We have conducted numerous bid rigging training sessions around the country. In addition to our own investigators, these courses have been attended by personnel from the Department of Defense, various state investigative agencies, and state attorney general offices. We are also working with the State of Virginia to try and preclude the possibility of bid rigging occurring in highway procurement and construction as that state gears up to rebuild their roads over the next 10 years. We are also working with the State of North Carolina in a similar effort.

State officials are becoming more aware that bid rigging is a pervasive problem which requires attention. That awareness and response by state officials is indicated by the purchase and installation of the Bid Analysis and Monitoring System (BAMS) in 27 states. The BAMS were adapted by state highway agencies to monitor and analyze bid prices. We are scheduled to address the BAMS Users Group to discuss collusive detection. We are committed to working with the states to deter and detect collusion in the construction industry.

For the past 2 years, we have devoted a substantial amount of investigative resources to the investigation of fraud in Disadvantaged Business Enterprise Program/Women's Business Enterprise (DBE/WBE) organizations. We currently have 42 active investigations in this area. Working with the Department of Justice and the State Attorneys General, we have achieved, since October 1984, 49 indictments, 21 of which occurred in 1986. In addition, 37% of our indictments last year were for matters other than bid rigging and DBE fraud. We are actively pursuing investigations involving abuse of grant monies by metropolitan planning organizations and small or rural transit authorities. It appears that weak internal controls in some of these organizations make them ripe for fraud and embezzlement. We are committed to providing investigative coverage for the entire spectrum of DOT programs. Our pending caseload reflects this commitment with investigations pending in virtually all major programs of the Department.

FUTURE OPERATIONS

In the area of audit operations, I plan to place increased emphasis on the review of the Department's procurement functions and management and administration of grant programs. We intend to review the grant approval and oversight process within the Department to insure that the Federal Government's interest is receiving maximum oversight. Audit emphasis will also be placed on the NAS Plan, safety issues, procurement and contracting, and financial management systems.

In the area of investigative operations, I plan to devote substantial investigative resources to the investigation of false front DBE/WBE organizations and in fraud detection and prevention in metropolitan planning organizations. I also plan to continue to devote a large amount of

investigative resources to the detection and prevention of bid rigging activity in DOT-funded construction projects. There are indications that bid rigging activity may be recurring in some states. I do not look for a substantial decrease of our efforts in this area for sometime to come.

The Program Fraud Civil Remedies Act of 1986 (P.L. 99-509) became effective on October 21, 1986. This act authorizes agencies to seek, through administrative adjudication, civil assessments and penalties for smaller dollar frauds which previously would not have been brought to trial because of the judicial expense involved. We believe the implementation of this program will result in civil sanctions in cases which heretofore have been closed without the Government having a chance to recover the civil damages it has incurred. We will be vigorously pursuing civil remedies where the opportunities are available under this new legislation. More than one fourth of our reactive caseload involves false claims and false statement matters. We will need to support these increased investigative demands, as well as ongoing responsibilities. However, it is too soon to estimate the impact to our investigative resources.

SUMMARY

I believe the Office of Inspector General has had a very successful year. I am looking forward to serving the Department in the future. I am confident the Office of Inspector General can fulfill its responsibilities with these requested resource levels. This concludes my statement. I will be glad to answer any questions you may have.

UNRESOLVED AUDIT FINDINGS

Senator LAUTENBERG. As you know, the record will get attention by members of this subcommittee and members of the full committee. In your statement you say that you issued 1,827 audit reports and made recommendations to improve the economy, efficiency, and effectiveness of DOT programs with a potential impact of $957 million. You also questioned the eligibility of $74 million in costs. Moreover, you report that audit findings were resolved in 733 reports and with DOT's commitment to see recoveries and other efficiencies worth a total of almost $1 billion.

What is the current backlog if you have it, Mr. Melchner, of unresolved audit findings?

Mr. MELCHNER. Glenn, can you give me a hand with that?

Mr. WIENHOFF. Yes, sir; I would like to put the exact figure in the record, but it is some $200 million that we carried over into this period that was unresolved.

[The information follows:]

At the end of fiscal year 1986, we had 142 unresolved audit reports, 7 of which were over 6 months old. These reports contained findings of $208 million in other dollar benefits and $26 million in questioned costs.

We consider a report resolved when management agrees to take corrective action. However, we continue to selectively monitor management action on the reports to see that the agreed-upon corrective actions are actually implemented. This is referred to as secondary followup.

Senator LAUTENBERG. And they are being pursued?

Mr. WIENHOFF. Yes, sir; we follow up.

Mr. MELCHNER. Mr. Chairman, we do follow up on our findings to make sure that where they are agreed to, management takes the action to implement the change and get the savings that they had agreed with. Mr. Wienhoff actively manages that system. The last time I looked, we were satisfied that about 67 percent of the dollars for which management had made a commitment were actually saved. Another 18 percent are still in the process of implementation and our auditors will review them again. We were not able to realize any benefit in 15 percent.

Senator LAUTENBERG. Would that suggest, Mr. Melchner, that if we had more resources available that we could better protect the public's interest, contracts we let, could we improve the recovery from——

Mr. MELCHNER. There would be a point of diminishing returns. There is a fairly large backlog of audits that we would like to do that we do not currently have the resources to do. We are very careful to target the areas that we think have the most potential for savings. The Department has about $16 billion in grants and another $6 billion in contracts. When you add those two together it comes up to about 80 percent of the dollars. I noted this year in the budget that of the $6 billion in contracts, $4.5 billion was in a category called other, which tweaks my interest. Once beyond that you are talking about fairly small amounts of resources, such as $1.4 billion for capital acquisition. The rest is pay.

Senator LAUTENBERG. What period of time do those—is that $22 billion that you are talking about, 16 and 6?

Mr. MELCHNER. That was for fiscal year 1988.

Senator LAUTENBERG. Fiscal year 1988. Now, if we can roll back a year or two or some convenient time cycle, is there a year that we can look at and to which you can assign some recovery as a result of the work of the inspector general? Is there any—in a given year how much of it were contracts that were poorly let, how much of it——

Mr. MELCHNER. Well, our contract recoveries are a combination of the fines and penalties we get as a result of our criminal investigative work and of recoveries on contract costs questioned by the Defense Contract Audit Agency. We get our contract audit work through them. Where we have recoveries, I think it was $74 million last year, as I recall——

Mr. WIENHOFF. $74 million was the total amount of costs questioned last year. Some of this may be a result of contracts let in 1984 and other years.

Mr. MELCHNER. But the pipeline remains full so it tends to be somewhat representative. It would vary with the amount of contracting going on, but I can provide a trail of those recoveries for you for the record.

[The information follows:]

During the past 4 years, we have questioned $333 million of costs related to grants and contracts. During the same time period, management agreed to recover $267 million of costs questioned.

Of this amount, we have reviewed supporting documentation related to $233 million and verified that $175 million has actually been recovered and $28 million is still in process of recovery.

Senator LAUTENBERG. Yes; it would be of interest, because you did pique my interest when you said that you thought there was an opportunity for greater recovery. We know that in departments like IRS and Customs and others that there is direct beneficial recovery ratio to the activities that we put into these programs.

Why do so many reports remain to be resolved? I think there were 733 reports that were resolved that were issued prior to fiscal 1986. How many were issued in the subsequent fiscal years? Do you know? Or fiscal year 1986? Do you have that information?

Mr. MELCHNER. There were 1,827 reports issued in fiscal year 1986 and 733 reports resolved during fiscal year 1986.

Senator LAUTENBERG. How many of the 733 reports that were resolved were issued prior to fiscal year 1986 and how many were issued in fiscal year 1986?

Mr. MELCHNER. Of the 733 reports resolved during fiscal year 1986, 593 were reports issued in fiscal year 1986, 139 were reports issued in fiscal year 1985, and one was issued in fiscal year 1984.

Senator LAUTENBERG. How long does it take to resolve these things.

Mr. MELCHNER. We try to resolve them within 6 months of the issuance of the audit report. We put a concerted effort on that, the reason being we have to report the ones unresolved at the end of the 6-month period, so our resolution cycle tends to drive us to get it done as quickly as we can. We try to make that 6-month cutoff and do it in a way that does not compromise the findings and recommendations that we have made in the report. I think it is important and is indicative of a hardnosed auditor that we do have some disagreements with management. They usually are over some pretty significant issues. It is worth the time and effort of both management and the inspector general to get to the crux of the problem and agree to realize the savings or make a change.

Senator LAUTENBERG. What are the reasons typically that keep these things from getting quick resolution? Is it just the volume of work that it takes? Again, does it relate to anything having to do with staffing or resource on your end?

Mr. MELCHNER. Not to my knowledge. As you are aware, I have been there for 6 months now and am satisfied that our followup system monitors the resolution of reports.

Senator LAUTENBERG. Well, I assume they gave you all this information before.

Mr. MELCHNER. I have not seen anything that would indicate that staffing is the issue. Generally, there are significant issues that require policy changes and necessitate an agreement between the manager and the auditor on what managers' policies are. For example, one that I am currently aware of involves the quality assurance program on paving contracts in a particular state. It is the auditor's opinion that the state is not doing enough to make sure that they are getting the right quality of mix in the asphalt. I have a very serious disagreement with Mr. Barnhart about whether or not it is the Federal Highway Administration's role to tighten up in this area.

Senator LAUTENBERG. OK. I am glad you mentioned bid rigging. You said in your comments that bid rigging continues to require large amounts of investigative resources, and you are committed to working with the states to detect collusion in the construction industry. In that regard, you reported last year that FHWA, the Federal Highway Administration was developing a highway collusion detection system. Is that system going to work, do you think?

Mr. MELCHNER. The program was made available to the states in August 1986. In tracing bid rigging, you are chasing a moving target. When we first got into these investigations, bid rigging was fairly easy to spot. You could pretty well see the patterns of collusive bidding appear based upon the paperwork that existed in the system.

Because we have been so active, and because we have shared our investigative techniques with the states, we have defeated, in a way, our own program because the bid riggers are becoming more sophisticated in their techniques. The people who have fraudulent intentions very quickly become aware of the patterns that we are looking for and do their best to thwart them.

Senator LAUTENBERG. What is the status of the development of the Federal Highway Administration's AWAS system? That is still in the process of development, is it not?

Mr. SCOTT. The FHWA system was made available in August 1986. AASHTO, which is the American Association of State Highway and Transportation Officials, have bought a private system that they have distributed which is called the Bid Analysis and Monitoring System [BAMS]. That seems to be the most popular and the most workable system for initial screening. The FHWA system is more sophisticated and can be used in conjunction with BAMS.

Senator LAUTENBERG. Well, on the other hand you thought it would work, but the highway departments within the states do not agree. Is there a difference of view on that?

Mr. SCOTT. There are 27 states that are in some form using the BAM system. We have participated in that development with AASHTO and participated with some of the states. Some are also using the FHWA system in conjunction with BAMS. One of the things that you have to realize, sir, is that the analysis depends on a lot of data over a number of years to show patterns. The system has really only been put in place recently. Florida, I think, was the first one to put in a model system. We will really have to see what historical data develops to see how effective it is going to be.

Mr. MELCHNER. We would see an FHWA system as one that would have universal acceptance across all the states. Hopefully, Federal Highway could require the states to use it as well as to put some provisions in their contracts requiring liquidated damages in the event that they find some problems.

Senator LAUTENBERG. Do you recommend that they continue the development of the system? If the states conclude—the direct user is always the one who makes the best appraisal, I think.

Mr. MELCHNER. I would accept any system that is out there that works and that everyone will use.

Senator LAUTENBERG. Well, we have an example of that.

Mr. MELCHNER. Yes; 27 states have used the BAMS.

Senator LAUTENBERG. Well, that is pretty convincing, is it not? I mean, I assume they are still being considered by others.

Mr. SCOTT. Sir, I really do not have enough information on the Federal Highway System to make a judgment.

Senator LAUTENBERG. Well, is there enough in the system that the 27, what do you call it, the BAM system?

Mr. MELCHNER. Yes.

Senator LAUTENBERG. Is there enough in there that you as auditors, monitors of these programs would be satisfied to suggest that maybe it is not necessary for the FHWA to continue its——

Mr. MELCHNER. Well, we know the BAM system works and the FHWA system provides further analysis.

Senator LAUTENBERG [continuing]. Works to give you sufficient coverage for the things that you are worried about?

Mr. MELCHNER. Yes; it did in the early days. Now, one of the things that we are doing is going back to states where we have run bid rigging investigations and take a look to see what is happening now, several years after the investigations have been completed. It may well be that our traditional or classic method of looking at those states would not disclose any problems or would not disclose whether problems exist. I think we are in an evolutionary environment on how best to deal with that.

Senator LAUTENBERG. There is quite a bit of bid rigging problem out there.

Mr. MELCHNER. I think it is endemic to the industry.

Senator LAUTENBERG. Right. That is interesting. You are probably right. Now, how does—therefore how does that support the notion that the progams that have been—the BAMS program that has been used so many times, how does it stack up a against the serious measurement of whether or not there is more bid rigging or is it just because we see more business out there, we see people figuring out ways to beat the system? Is it going to be in a constant state of evolution?

Mr. MELCHNER. Rae, I will defer to you.

Mr. SCOTT. We have used the system in Pennsylvania very successfully to point out areas of collusive activity. We are back into a state right now that just adopted it after the first round of bid rigging convictions back in 1981 or 1982. And that will really be, I think, our benchmark, as to whether we can go back in and use the system that they have had in place for about 3 years to pick up the areas of collusive activity and get some prosecutions. I think it is really too early to tell whether it is going to be effective. There are other uses for this par-

ticular system at the states; engineers' estimates, control of their own bidding system, pointing out collusive activity, so it is a multipurpose computer system.

DEPARTMENTAL MANAGEMENT

Senator LAUTENBERG. We are going to be submitting questions, as I indicated to you, for the record. Before we close, let me ask you this, Mr. Melchner. You have been there 6 months. You have had a chance to see how things operate. You come with experience. If you had to make a couple of recommendations that you thought would be most helpful to making the Department more efficient and getting the response quicker in terms of recoveries, what would those couple of recommendations be?

Mr. MELCHNER. In terms of the priority that the manager ought to have in the Department, it clearly has got to, from my perspective, follow two major paths. The first is the safety issues, and clearly that is a major mission in the Department.

Senator LAUTENBERG. Safety issues in what respect? How would your office be looking at that to see whether or not those responsible for monitoring safety are doing their jobs?

Mr. MELCHNER. The federal railway inspectors, the FAA inspectors, people who constantly look at whether or not the transportation industry is working safely.

Second, and of more immediate interest to me is the business management functions of the Department. Clearly there are two parts to that. Where is the new money coming into the Department every year? As I mentioned, the largest consumer of resources in the Department is the grants program. I think we need to know whether or not the grants are being properly given in the first place and properly administered when they are out there.

Let me draw a comparison for you, if you would let me. I look at the Federal Highway Administration and I find that there is a very big infrastructure out there. There are state highway administrations that have been in the business of constructing roads and have a fairly good idea of what it takes to get the job done and have good oversight. We may argue about how efficient it is, but at least the oversight is there.

I take a look at an organization like UMTA, which administers approximately $3 billion a year in grants, and I find nothing out there to really help administer those grants. Several years ago we pointed this out and pointed to some horror stories, and the Congress responded to those by permitting UMTA to use up to one-half of 1 percent in grant funds for construction management oversignt. We think that is a step forward. I think that was a very helpful program. We plan to go back and look and see if that is working, to see if it is enough.

Senator LAUTENBERG. That oversight function is not oversight of their distribution of the grants but to see after being awarded——

Mr. MELCHNER. It is to see if we are getting what we pay for.

Senator LAUTENBERG. Should that be extended to other departments as well? Or is that——

Mr. MELCHNER. Once you get past those two agencies, the amount of grants are very small.

Senator LAUTENBERG. The same way in the procurement area. I am interested in taking a look to determine if we are buying only what we need to buy. Also, are we paying a fair and reasonable price for it? And are we getting what we pay for?

Senator LAUTENBERG. Thank you very much, Mr. Melchner and your colleagues. Your answers have been forthright and very helpful. There is a record established here that we will continue to look at.

SUBMITTED QUESTIONS

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

AUDIT ACTIVITIES/ALLOCATION OF RESOURCES

SENATOR LAUTENBERG: For Fiscal Year 1985 you reported measurable audit savings of $864.6 million of which only $4.3 million was from reports of activities of the Office of the Secretary of Transportation (OST). Yet your audit workload for this fiscal year and your plan for next year shows that you will expend more effort on program, contract and grant audits of the Office of the Secretary than you will spend on FAA, FHWA and USCG. For example, your planned level of effort in FAA grant and contract audits is 2.2 FTEs, the same as your estimate for this fiscal year. But you budget nine FTEs for OST this year and five FTEs in 1988 on grant and contract audits. Why are you spending so much time on the audits of OST grants and contracts, given the relatively limited savings you realized from your past efforts? What kinds of grants are you most concerned about based on your prior experience?

ANSWER: The majority of the time devoted to grants and contracts in OST during FY 87 and FY 88 is for the Essential Air Service (EAS) Program. The EAS program is a subsidy program, as opposed to a grant; however, they are commingled for reporting purposes. Our audit role here is direct effort to assure the accuracy of the subsidy payment. Unlike the EAS Program, other Modal Administration grants are awarded primarily to state and local governments. The responsibility to audit these grants falls under the Single Audit Act of 1984. This Act requires any state and local government that receives $100,000 or more a year in Federal funds to have an audit made by an independent auditor. Our audit role here is to monitor the quality of the work of these independent auditors.

SENATOR LAUTENBERG: Your statement indicates that based on your concerns about fraud, you are committed to providing investigative coverage for all DOT programs. Given your concerns and the importance of preventing fraud in the first place, why are you planning to devote only three workyears of efforts to your fraud prevention and detection surveys?

ANSWER: Management and employee fraud generally involves a circumvention of established internal controls. The detection of fraud, although difficult, frequently can be surfaced when conducting normal routine audits in accordance with generally accepted auditing standards. Therefore, the 272 workyears devoted to conducting program audits at both headquarters and field activities also contribute to the total OIG effort to prevent and detect fraud in the Department of Transportation. The three workyears specifically set aside in the fraud prevention and detection category is a joint effort between audit and investigative personnel to go beyond normal audit and investigative techniques in areas that are particularly vulnerable to control weaknesses. The purpose of this team approach is to utilize the combined expertise in a specialized program that is singularly designed for the detection of fraudulent activity.

SENATOR LAUTENBERG: Your audit plan shows that in the areas of program audits of modal agency field activities and their grants

and contracts, you are planning to spend the identical levels of activities in 1988 that you estimate for this year. Explain the basis for your plan and why no changes are needed based on your experience with those agencies and the improvements realized from your prior work.

ANSWER: In projecting outyear needs, we take into consideration potential changes in OIG audit resources, changes in modal administration programs and activities and our prior audit experience. Since we do not anticipate any significant changes, we believe that our projections for FY 1987 will hold for FY 1988 barring any unforeseen events.

SENATOR LAUTENBERG: Since the resolution of your findings can yield recoveries and efficiencies of substantial value, speedy resolution is important, don't you agree?

MR. MELCHNER: We agree that speedy resolution is important. A Departmental Order prescribes uniform requirements and procedures for processing and resolving audit findings and recommendations. It includes specific procedures for referring unresolved issues to the next higher organizational level and the Secretary when necessary. In addition the Office of Inspector General provides listings of unresolved audits over 90 days old to the Department's Followup Official and each Operating Administration on a monthly basis.

These procedures have enabled the Department to resolve its reports within six months of issuance. Over the last four semiannual periods the number of reports over six months old are as follows:

March 31, 1985 - 12 reports
September 30, 1985 - 3 reports
March 31, 1986 - 9 reports
September 30, 1986 - 7 reports

SENATOR LAUTENBERG: When an agency promises corrective action or states that corrective action has been taken in response to your reports, does that close the report as far as you are concerned?

MR. MELCHNER: We consider the report resolved when an agency promises corrective action or states that corrective action has been taken. This completes the action in what we term the primary followup system. However, the Department's management officials and the Inspector General's office have systems and procedures to verify corrective action.

SENATOR LAUTENBERG: To what extent do you make follow-up audits to verify agency corrective actions and to assure that the corrections are working as they are supposed to?

MR. MELCHNER: The Department and its individual operating administrations are responsible to assure implementation of corrective action.

The Inspector General (IG) employs three methods to determine the implementation of corrective action. These are as follows:

1. Secondary followup system. Under this system IG auditors, on an annual basis, review all findings over $100,000 to determine the status of corrective action. The findings in this system are not closed until the promised corrective action is implemented.

2. Followup audits. The IG performs followup audits in areas where corrective action from previous audits are not being implemented properly or are not attaining the desired results.

These areas come to the IG's attention as a result of secondary followup reviews, auditor contacts or familiarity with the subject area and audit surveys. In addition, the IG schedules audits to evaluate the audit followup system of a Department office or operating administration. These audits are part of the IG's annual planning process.

3. Standard audit procedure. A followup review of previous audit findings is standard audit procedure when any review is performed of an area previously audited.

BID RIGGING

SENATOR LAUTENBERG: You stated that bid rigging continues to require large amounts of investigative resources and that you are committed to working with the states to deter and detect collusion in the construction industry. In that regard you reported last year that FHWA was developing a highway collusion detection system. How will the FHWA system work?

MR. MELCHNER: The Highway Collusion Detection System (HCDS) is an interactive computer program for an IBM mainframe computer. It is written in FORTRAN language. It includes a database manager component and an analysis component that generates 22 standard report formats with a large number of user specified options. The program is provided free of charge to interested states with the proviso that the program is to be protected from disclosure or further distribution because of its sensitivity as an investigative technique or procedure.

SENATOR LAUTENBERG: How does it relate to the Bid Analysis and Monitoring System you state has been installed in 27 states?

MR. MELCHNER: FHWA has funded development of a BAMS HCDS module that permits states with a BAMS database to use the HCDS software routines.

SENATOR LAUTENBERG: Why is bid rigging continuing to remain a major problem in highway construction?

MR. MELCHNER: There are several factors which tend to perpetuate bid rigging in the highway construction industry. The nature of the hotmix paving business limits competition to hotmix plants within close proximity to the job site. This limits the number of possible competitors and makes it possible for hotmix suppliers to identify their competitors for each job and to make mutually beneficial arrangements to allocate business among themselves. Another factor is the high cost of plant equipment which also limits the number of competitors in a given market. Alleged adverse environmental impact is also used as a mechanism to block new suppliers from entering the hotmix supply industry. Most of the conspiracies act to ensure that each supplier receives the work closest to his/her plant, thereby minimizing expense and maximizing profit. When there is no genuine competition, prices are generally not reflective of costs.

SENATOR LAUTENBERG: Where are the internal controls deficient?

MR. MELCHNER: Generally speaking, there are no deficient internal controls. Unfortunately, bid rigging is an external criminal process which persists despite the states' best efforts, rather than because of any internal control weaknesses. The states

are uniformly conscientious in their management of the public bidding process. Most states have made significant efforts to refine their estimation methodology in order to arrive at accurate Government cost estimates. When bid prices do not fall within reasonable limits of the Government's cost estimate, the bids are closely examined and, in many cases, the bids are rejected and the contracts are readvertised. Most states also have procedures in place to detect unbalanced bids.

DEBARMENT

SENATOR LAUTENBERG: Last year you reported on the results of a nationwide investigative survey of DOT construction contracts over $3 million. You stated that of the contractors involved in the 70 contracts you surveyed, 22 contractors were found to have previously been indicted or were under investigation at that time. How can a contractor who has been indicted continue to get Government contracts?

MR. MELCHNER: DOT regulations on suspensions and debarments for the DOT financial assistance program, 49 CFR, part 29, states as follows: "Suspension is a drastic action and as such, shall not be based on an unsupported accusation. In each case the decision of the initiating official to suspend shall be discretionary and shall be in the public interest, including the interest in doing business with participants who are presently responsible and the interest in preserving adequate competition."

The regulations further state that an indictment or information is adequate evidence of suspected criminal conduct and may be the basis for suspension. However, FHWA policy recommends that any suspension or debarment action be deferred until the judgment has been given by the court. Their policy does provide for action if it is believed that a delay would seriously harm the integrity of the highway program.

SENATOR LAUTENBERG: Why aren't they debarred?

MR. MELCHNER: Historically, it has been FHWA's policy to initiate debarment proceedings only upon conviction.

SENATOR LAUTENBERG: What is needed for debarment action to be taken?

MR. MELCHNER: In addition to the criteria for taking debarment action as provided for in 49 CFR 29.41, FHWA has included as an additional offense the setting up or acting as a disadvantaged/woman business enterprise "front."

SENATOR LAUTENBERG: What are the criteria for taking debarment action?

MR. MELCHNER: DOT regulations provide that debarment may be imposed for any of the following causes:

1. Conviction for fraud or any criminal offense linked to Government business or public contracting or criminal offenses indicating lack of business integrity or honesty and which shows present irresponsibility. Examples: embezzlement, theft, forgery, bribery, falsification or destruction of records, receiving stolen property, violation of antitrust statutes arising out of public contracting activity.

2. Violation of any agreement for voluntary exclusion or any settlement made under 49 CFR 29; acts which otherwise indicate lack

of business integrity or honesty. Examples: violations of laws, regulations, or obligations associated with agreements with DOT financial assistance recipients; use of false statements or deceit to influence Government action.

3. Violations relating to conflicts of interest associated with obtaining, attempting to obtain, or performance of a DOT financial assistance contract.

4. Recent willful failure to perform satisfactorily under the terms of DOT financial assistance agreements.

5. Violation of any contractual provision against receipt of contingent fees.

6. Becoming involved through agreements or other affiliation with debarred individuals/firms.

7. Disqualification from participation in direct or indirect contracting with any Federal agency.

SENATOR LAUTENBERG: Can you recommend ways to toughen the Department's debarment policy?

MR. MELCHNER: The real issue is how aggressively the Department implements its policy. The OIG believes that the Department's debarment policy is tough enough. Also, in order to strengthen the program even more, the OIG encourages a final resolution of the proposed OMB guidelines for nonprocurement debarment and suspension. These guidelines were required by Executive Order 12549 and, among other things, prescribe Governmentwide criteria and would ensure consistency among agency regulations concerning debarment and suspension of participants in Federal programs.

SENATOR LAUTENBERG: Based on your current level of activity and what you expect to be needed in Fiscal Year 1988, it appears that your investigative resources will be spread very thin. Increased involvement by the states obviously would help; however, you state that most states are unable to conduct complex and lengthy antitrust investigations and must rely on your resources. Why are the states unable to conduct such investigations?

MR. MELCHNER: Several factors are involved. Many states do not have criminal antitrust statutes. Because the nature of the crime is a conspiracy, the investigator and prosecutor must be able to compel testimony and grant immunity in order to secure testimonial evidence. Many states lack the authority. Another factor is a lack of investigative expertise. There are very few states with experienced antitrust investigators. Another factor is prioritization of criminal work by state law enforcement agencies. Most view their primary responsibility to be the protection of life and property rather than the pursuit of economic or "white collar" crimes. Lack of interstate jurisdiction is another factor. Many conspiracies act across state lines, making it virtually impossible for the states to conduct effective interstate investigations. Another factor is the nature of the investigation, which is complex, lengthy, and labor intensive. Most antitrust investigations last for 2 or more years and involve thousands of investigative staff hours. Few states have the resources to commit to such protracted efforts.

SENATOR LAUTENBERG: Are the states relying on your resources not because they are unable to conduct the investigations, but

because they are simply unwilling to increase their investigative resources?

MR. MELCHNER: The states have been very cooperative. As we have discussed, most states either now have, or are in the process of obtaining, the AASHTO BAMS software to enable them to prepare more accurate engineer's estimates and to analyze historical data for suspicious patterns.

FEDERAL AVIATION ADMINISTRATION (FAA)

SENATOR LAUTENBERG: Last year you said that you would do follow-up audits in several areas: FAA's Flight Inspection Aircraft; FAA's Controller Workforce Reporting System; and the OST Accounting System.

What were the results of your follow-up audit to determine whether and how FAA implemented your recommendations on extending the service life of FAA's current fleet of Flight Inspection Aircraft rather than procuring all new aircraft?

ANSWER: We found that FAA initiated actions that satisfied the intent of our recommendations. FAA revalidated their program cost analysis and made an analysis of their future flight inspection workload requirements. In addition, FAA considered the safety issues that we identified in developing the new turbine aircraft specifications and solicited the National Aeronautics and Space Administration's opinion on the use of turboprops for flight inspection purposes. FAA also extended the service life of 5 aircraft and is in the process of purchasing 19 new aircraft.

SENATOR LAUTENBERG: What were the results of your follow-up on the Controller Workforce Reporting System? Is the data reported by FAA accurate and reliable?

ANSWER: At this time we have not issued a report on the results of our review. When the report is issued, we will provide a copy to the subcommittee.

NATIONAL AIRSPACE SYSTEM (NAS) PLAN AUDITS

SENATOR LAUTENBERG: You state that you are continuing to review the National Airspace System (NAS) Plan. How many staff years of work will you spend on the NAS plan this Fiscal Year?

MR. MELCHNER: During Fiscal Year 1987, we expect to spend approximately 5 staff years conducting audits of NAS Plan projects.

SENATOR LAUTENBERG: What projects are you currently reviewing?

MR. MELCHNER: We currently have four NAS Plan projects under review. These are:

- Airport Lighting System Improvement Program - A final report is expected to be issued in April 1987. The objectives of this audit were to evaluate the timeliness of the equipment purchases, appropriateness of site selections, and the effectiveness of the program.

- System Engineering and Integration Contractor Subcontracts - This audit began in March 1987. We are reviewing procedures and processes for awarding subcontracts and billing FAA for subcontract costs.

- Avionics for the NAS Plan - The audit began in March 1987. We are reviewing the avionic requirement for NAS Plan projects such as the Microwave Landing System and Mode S/ Data Link.

- Terminal Radar Automation - The audit began in June 1986. We are evaluating FAA's ability to validate air traffic control terminal radar operational and performance requirements and translate them into functional requirements suitable for system development.

SENATOR LAUTENBERG: In your budget submission for Fiscal Year 1988, you state that you plan audits of the NAS Plan Rehost Computer Acquisition and the development of the Microwave Landing System (MLS). The GAO already has made intensive reviews of both of these systems. Explain how your planned work will not duplicate the GAO's work. What will your work cover that was not covered by GAO?

MR. MELCHNER: The statement in our budget submission referring to these two audits reflects the contents of our Fiscal Year 1987 audit plan, which was developed during early 1986. At that time, as part of the routine coordination with GAO which we conduct in conjunction with our audit planning activities, we were advised of the scope of GAO's planned and ongoing work regarding both the Rehost Computer Acquisition and the MLS development project. Based on this information, we identified audit areas on each activity which GAO was not planning to address specifically but which we felt should be pursued to ensure comprehensive audit coverage of these two very important NAS Plan activities. Accordingly, we planned an audit of each activity to address these areas, with each audit expected to start during the latter half of Fiscal Year 1987. However, during the past year GAO redirected the scope of its work in response to the concerns of the Congress, and this scope expansion included coverage of most of the additional areas we were planning to address. Thus, rather than starting these two audits, we will instead be reallocating our audit resources to other NAS plan activities. There are currently 94 projects in the NAS Plan estimated to cost about $16.5 billion. About 9 of the 94 projects are not yet candidates to be audited because they have just recently been initiated or there is little activity that can be audited. Through the combined audit efforts of the Inspector General and GAO, we have issued audit reports involving 25 of the 85 auditable projects. In addition to these past audits, we have 6 audits now in process or planned to begin during the rest of FY 1987.

PILOTS WITH ALCOHOL AND/OR DRUG PROBLEMS

SENATOR LAUTENBERG: You report that FAA's Airmen Medical Certification Program does not provide for verification of pilot's statements that they do not have alcohol and/or drug problems. In that regard, you found that 7,850 airmen out of 10,300 who you determined had their driving privileges suspended or revoked for drunk driving did not disclose this information to FAA on their medical applications. What corrective actions did FAA take to prevent this in the future?

MR. MELCHNER: FAA has advised the Department that they would like to have access to the National Driver Register to match pilot's driving records with medical applications. The Department is developing a legislative proposal to provide FAA access.

SENATOR LAUTENBERG: What happened to those pilots who falsified their applications?

MR. MELCHNER: Because of restrictions pertaining to access to the National Driver Records neither FAA nor the Office of Inspector General were provided names of the pilots. The Inspector General along with the FAA initiated a project to identify pilots who falsified their medical application based on a match of FAA records and those of the Federal Bureau of Investigation. The Inspector General will refer apparent violations to the Department of Justice and they will determine what action can be taken to prosecute criminal violations. FAA will determine whether the pilots should have their operating certificate suspended or revoked.

OST ACCOUNTING SYSTEM

SENATOR LAUTENBERG: What was the result of your audit to assure that the OST accounting system is in compliance with the standards of the Comptroller General?

ANSWER: Our audit disclosed major problems in OST's accounting operations. As a result, the accounting system in the last 2 years has been reported in nonconformance with Section 4 of the Federal Managers' Financial Integrity Act. Significant corrective actions on some of the weaknesses cited in our report have been taken and other actions are continuing. We receive periodic progress reports on the corrective actions and plan to do a follow-up review this fiscal year to evaluate the adequacy of the corrective actions.

NAS PLAN SYSTEMS ENGINEERING AND INTEGRATION CONTRACT

SENATOR LAUTENBERG: Based on your review of the NAS Plan Systems Engineering and Integration (SEI) contract with Martin Marietta, what problems did you find with FAA's management of the contractor performance evaluation process and the award fee process?

ANSWER: Our audit of the SEI contract award fee process disclosed that FAA needs to ensure more effective use of award fee funds by strengthening procedures for awarding carryover fees. For the first three evaluation periods, the contractor's performance was rated at 77, 77, and 73 percent, respectively. However, because FAA paid the full carryover amounts in subsequent periods, the contractor in effect received over 95 percent of the award fee pools for the first and second periods. This occurred because procedures on carryover payments did not base award of the carryover on specific performance requirements. We estimated that if FAA continued to pay the carryover without relating it to performance, the contractor could receive $12 million more in fees than actually earned based on performance.

The audit also disclosed that improvements in the performance evaluation plan are needed to ensure that future awards from the over $83 million award fee pool will be based on a reliable and creditable determination of contractor performance. The plan did not provide adequate separation of monitoring and evaluation duties, nor ensure that all inputs needed for determining an overall grade are received.

Additionally, our review found that the performance evaluation plan is not being uniformly interpreted and implemented. For

example, grading forms were not always prepared in a timely manner, adequately completed or prepared at all. By ensuring the consistent application of evaluation procedures, FAA could improve the reliability of the award fee process.

SENATOR LAUTENBERG: Do you believe FAA has a sound basis for its evaluation of Martin Marietta's performance?

ANSWER: Our June 16, 1986 report disclosed weaknesses in FAA's process for evaluating the SEI contractor's performance. Since then FAA has implemented some of our recommendations. Specifically, FAA has (i) added language to the performance evaluation plan to encourage coordination of input between performance categories, (ii) made the review of the grading forms for compliance with the plan a formal agenda topic for the Performance Evaluation Board meetings, (iii) started distribution of the Board meeting minutes to the evaluation coordinators and monitors, and (iv) required that a justification be prepared if the fee awarded by the Fee Determining Official (FDO) differs from the amount recommended by the Board. Additionally, FAA has revised the performance grading forms in accordance with our recommendation, and has clarified the requirements for reporting under the Internal Management Category.

On the recommendation to review the performance evaluation plan to provide separation of monitoring and evaluation duties, FAA promised to separate monitoring and evaluation duties in future plans. We also recommended that the FDO be removed from the Performance Evaluation Board. Although FAA did not agree to remove the FDO from the Board, the FDO will no longer be chairman of the Board. FAA did not agree to revise the plan to include specific procedures and criteria for determining how the carryover will be earned and awarded. The plan was, however, changed to require that carryover fees must be designated for a specific purpose.

The award fee process including evaluation of contractor performance has been a learning experience for FAA. The changes made in response to our recommendations should improve FAA's evaluation process.

SENATOR LAUTENBERG: What were the results of your audit of contractor personnel relocation costs?

ANSWER: We found that the System Engineering and Integration Contractor charged over $1.2 million to the FAA contract for unallowable or unsupported costs. This includes $413,000 in unallowable or questioned rental assistance, more than $778,000 in unallowable relocation allowances, and over $19,000 in unallowable mortgage interest assistance. The unallowable and questioned costs occurred because (i) the contractor's relocation policy differs significantly from what is permitted under the Federal Procurement Regulations, and (ii) the contractor did not always follow established corporate policy. FAA agreed with our report and directed the contractor to reimburse the FAA for the total amount of unallowable and unsupported costs contained in our report.

CENTRAL WEATHER PROCESSORS

SENATOR LAUTENBERG: Last year you cited several problems with FAA's development of a Central Weather Processor (CWP) as part of the NAS Plan. You said that although FAA had spent $30 million on the CWP, the CWP requirements for interfacing with other major

systems of the NAS Plan had not been identified or fully defined. Further, FAA agreed with your recommendations and advised you of certain corrective actions. Are you satisfied that the changes you recommended have been properly implemented and that the NAS Plan interface problems have been corrected? What is the basis for this conclusion?

ANSWER: Our May 9, 1986 report on problems identified in the development of FAA's automated weather systems contained 5 recommendations addressing the CWP development effort, including the CWP/NAS Plan interface problems. FAA's September 12, 1986 response to the report generally concurred with these recommendations and described the specific corrective actions either taken or planned on each. Through our audit followup process, we determined these actions to be appropriate and responsive to the thrust of our recommendations, and implementation of all of them has been either completed or initiated. Further, on its own initiative, FAA has undertaken another detailed analysis of the CWP development effort and the related functional requirements to identify and evaluate other options for meeting those requirements. We believe this action indicates FAA's intent to fully resolve the CWP development problems we identified and to complete the implementation of those corrective actions still in process. Thus, we are satisfied with FAA's efforts to date to implement our recommendations.

SENATOR LAUTENBERG: In regard to another aviation weather system, the Automated Weather Observation System (AWOS), you said last year that FAA had agreed "in principle" with your recommendation that FAA join with the National Weather Service, which was developing a similar system of its own, to develop and procure a common system. What actually happened? Did either FAA or NWS stop development of their system and commit to joint development of a common system?

ANSWER: In response to our recommendation, which was formally conveyed to FAA in our May 9, 1986 report on problems identified in the development of FAA's automated weather systems, FAA began consolidating its AWOS acquisition and development activities with those of NWS. These consolidation activities led to the two agencies agreeing that presently uncommitted AWOS requirements will be fulfilled through NWS. As of March 1987, this agreement--which should save FAA about $42 million in future AWOS development and acquisition costs--was still in the process of being formalized through preparation of a Memorandum of Agreement between the two agencies.

A-76 CONTRACT AUDITS

SENATOR LAUTENBERG: The OIG has been involved in reviewing the Department's implementation of OMB Circular A-76 (contracting out Government services). What level of effort will you apply to audits of A-76 contracts during FY 1987 and FY 1988? How many contracts did you audit in FY 1986? What kinds of performance or cost problems did you find in the contracts you have audited?

ANSWER: In FY 1986, we did not conduct any audits in the A-76 program area. In FY 1987, we plan five audits for a total commitment of 775 staff days. These audits are scheduled to begin during the third and fourth quarters. Concentrating in the U.S.

Coast Guard, the central audit theme centers around the districts' implementation of the A-76 program.

During FY 1988, we have scheduled a major effort on the A-76 area. The objective of the audit is to conduct independent verifications of the A-76 study cost savings in selected DOT Modal Administrations. The audit will evaluate the effectiveness in implementing the results of organizational reviews for activities retained inhouse and reducing workforces for those activities contracted to outside suppliers.

FAA AIRPORT NOISE COMPATIBILITY PROGRAM

SENATOR LAUTENBERG: You report that significant savings are possible through improvements in FAA's Noise Compatibility Program such as vigorous pursuit of land use controls, greater emphasis upon less costly techniques to contain or reduce airport noise, and redevelopment of land purchased for noise compatibility. You further state that although such alternatives are available 90 percent of the $322 million of Federal aid for achieving airport noise compatibility has been used to buy land. However, FAA disagreed with several of your recommendations for improvements in the program. Why does FAA disagree with your recommendations?

ANSWER: FAA officials also concurred with many of our recommendations. However, on the following issues, FAA disagreed with our proposed actions, offered other alternative actions, or indicated no specific commitment for program improvements.

Land Use Controls Recognizing that local jurisdictions other than the airport sponsor frequently hold land use authority, we recommended that FAA make noise grants directly to the jurisdictions able to enforce more compatible land use. FAA stated that it did not object to such grants but proposed no specific action citing the absence of any "mandatory sponsorship or cosponsorship" legislative requirement. Both the Aviation Safety and Noise Abatement (ASNA) Act and the Airport and Airway Improvement Act (AAIA) provide for nonairport sponsorship and cosponsorship of noise grants. FAA has the authority to assure that any Federal assistance committed for noise compatibility results in maximum attainment of the program's objectives, both reduce and prevent noncompatible land uses.

Limited Federal Liability Our report recognized a need for FAA to limit Federal assistance for noise relief in instances where new residents or developments occupy previously vacant or otherwise compatibly used land. We concluded that Federal assistance for noise control should be provided only if an airport has become significantly noisier since new homeowners or developers moved in. FAA acknowledged that the ASNA Act, Section 107 provides the Federal Government with liability protection from claims from new residents and new developments, but that this protection from law suit is only provided after the airport has voluntarily prepared noise exposure maps (NEMs) that meet Federal requirements. However, in spite of this protection, FAA has stated that, in the absence of legislation prohibiting use of Federal funds for noise relief pending an airport's completion or publication of the NEMs, FAA will consider new residents or new developments eligible for assistance.

Less Costly Techniques Recognizing the tremendous potential demand for federally assisted noise relief and the high costs of providing this relief by fee simple acquisition, we recommended that FAA encourage less costly techniques such as noise proofing and aviation easements. FAA agreed that the noise compatibility program "is moving in the general direction of greater consideration and use of other alternatives." FAA stated that the "limited Federal role" precludes FAA's influencing the selection of techniques. FAA believes its role is to deliver Federal funds to finance any local initiative that meets the general requirements of the ASNA Act as implemented by its Federal Aviation Regulation Part 150. FAA also believes that land acquisition is the "most effective" technique and advocates its exclusive use for land inside the 75 Ldn (day-night sound) contour, regardless of whether this area is undeveloped or shrinking due to quieter aircraft.

Noise Land Disposal In response to our recommendations for the identification and disposal of previously funded noise land and program improvements to assure ultimate timely disposal and optimum return from any future acquired land, FAA proposed only minimal action. FAA proposed to identify and take action on only those grants approved after February 1983 containing a disposal provision required by the AAIA, section 511(a)(13). This action to be further limited to only that land where the airport determines it is no longer needed for any purpose. FAA also declined to mandate redevelopment plans and ultimate disposal as prerequisites to future grant approval.

SENATOR LAUTENBERG: What additional action are you taking?

ANSWER: We are evaluating FAA's position. When this is completed, we will decide the proper course of action to take to resolve our differences.

FHWA CENTURY FREEWAY HOUSING PROJECT

SENATOR LAUTENBERG: You report that FHWA officials generally agreed with your findings and recommendations concerning the Century Freeway Housing Project. You state that about $66 million could be saved in FHWA Region I if the court-ordered replacement housing production schedule was changed so that only 2,250 units instead of 3,700 units were constructed. Moreover, the cost of the units has escalated over 36 percent in the past two years. Specifically what did FHWA agree to do?

ANSWER: FHWA agreed to implement all of our recommendations to the extent that it has such authority. FHWA agreed to:

1. Work with the California Department of Transportation (Caltrans) and the California Department of Housing and Community Development (HCD) to develop a more realistic housing production schedule and to initiate action to reduce the program scope to about 2,250 units.

2. Work with Caltrans and HCD in order to present a revised production schedule to the Court in the form of a modification to the Consent Decree.

3. Encourage HCD to emphasize marketing of the currently available units to the general public.

4. Cooperate with Caltrans and HCD to develop a schedule for computing the rental housing disposition instructions.

5. Cooperate with Caltrans and HCD to develop an interim procedure for renting units until permanent instructions are promulgated and rental managers are hired.

6. Coordinate with Caltrans and HCD to establish guidelines to control costs on future housing projects.

7. Submit to HCD an expansion of the location of future housing sites to the secondary and, if necessary, tertiary zones as provided for in the Consent Decree.

8. Reject proposals which are unreasonable in cost, and

9. Initiate action to phase-out the Office of Advocate in Calendar Year (CY) 1987. (The report asked for a phase-out in CY 1986, but FHWA encountered problems and is now trying to accomplish the phase-out in this year, CY 1987.)

SENATOR LAUTENBERG: Will the production schedule be reduced to 2,250 units?

ANSWER: FHWA officials stated that: "There is an agreement in principle between HCD, Caltrans, and FHWA to restructure the Century Freeway Replacement Housing Program. The agreement will reflect a reduced number of housing units in the range you recommended [2,250] and may include a modification of the housing schedule." To implement this reduction will require agreement from the Courts. This action is still pending.

SENATOR LAUTENBERG: What have you done to determine that the cost escalation of 36 percent in two years is reasonable and is in line with cost increases in other housing units in the area?

ANSWER: Our report said that the 36-percent cost escalation between 1983 to 1985 was unreasonable and was the result of insufficient controls over land and dwelling costs, unnecessary restrictions on housing locations, and housing production schedules which have proven to be unnecessarily restrictive.

AMTRAK DISCIPLINARY PROCESS

SENATOR LAUTENBERG: Based on the directions of this Committee you were to review Amtrak's Management and Training Program for Supervisors, Amtrak's Disciplinary Process, Labor Management Productivity Council, and the President's Employee Comments Program as part of a Study of Amtrak's Disciplinary and Grievance Process. What is the status of your study and if completed, what were your findings?

ANSWER: Our review of Amtrak's disciplinary process is completed, and the report was issued January 30, 1987. Our review of Amtrak's disciplinary process disclosed that Amtrak's corporate policy, union agreements, and supervisors' training manuals require that hearings be "fair and impartial." Our samples of cases in Chicago and Miami showed that in 80 and 86 percent of the cases, respectively, there was no recorded evidence to indicate that the process was other than fair and impartial.

However, requiring more explicit statements of the hearing officers' reasoning in deciding cases should improve the hearings and appeals processes by demonstrating how Amtrak met its burden of proof and responded to any objections. Lacking documentation that articulated the hearing officers' reasoning, some appeals officers speculated as to how hearing officers considered some salient facts

included in the record in arriving at decisions. We believe that the absence of documentation evidencing that the hearing officer had reached a well-reasoned decision, consistent with the documented hearing, contributed to employees' and union officials' serious reservations that the hearing system was fair and impartial.

With respect to the Committee's other specific areas of interest, we reported that:

-- Amtrak's management training for first and second level supervisors was similar in course structure, emphasis, and content to managerial courses for first and second level supervisors in the public and private sector. The course stressed the importance of managing the enterprise through the workforce. The course manuals had no vindictive bias or material that would attempt to teach "how to get" employees. Amtrak provided this training to essentially all of management and supervisory officials that usually deal with union employees.

-- There was evidence that the Labor/Management Productivity Council had served as a positive force in sorting out problems and providing solutions for some disciplinary matters. Minutes of meetings indicated there was a continuing dialog between labor and management to improve matters relating to employee discipline. To illustrate, steering committees from Washington and Chicago reported progress on developing and implementing policies for expunging employee discipline records after a period of good behavior. At Amtrak, where labor and management have agreed to a progressive discipline policy where discipline becomes more severe for each infraction, the expungement policy gives employees an incentive to keep their records clean. Because expungement would lead to lesser punishment, it might also minimize employees' perception that discipline was disproportionate to a specific infraction.

-- Amtrak's President's Employee Comment Program provides employees an avenue to bring their concerns directly to the attention of the president. The majority (94.5 percent) of the 397 submissions made during January through September 1986 involved matters related to such diverse actions as improvements in service, operations, marketing, safety, and organizational policy matters. Twenty-two (5.5 percent) of the submissions were related to the hearing and discipline process. Responses were signed by the president in an average of 23 days after receipt. In line with union agreements precluding management interference in pending cases, the president's reply cited this reason for taking no action when a case was pending or in the appeals process. In other cases, the reply was responsive and evidenced that the case had been reviewed. In two of the hearing and discipline cases where employees had been dismissed, the president's reply offered some degree of leniency. In one case, the person was told to contact the Amtrak crew base to discuss reemployment, in the other case, the person was told to reenter a new training class.

COAST GUARD INVENTORY CONTROL

SENATOR LAUTENBERG: You report that significant inventory control improvements are needed at the USCG Brooklyn Supply Center which is responsible for inventories valued at over $97 million. You found, for example, that $50 million in inventory was never physically counted. What was the cause for the lack of physical

inventories? Was it a matter of the lack of written policy or procedure or the failure to implement existing policy and procedure?

ANSWER: In our report we disclosed that for $47 million of material the Supply Center failed to take a periodic physical inventory required by the Comptroller Manual. The reasons given by the Coast Guard for not doing so were, limited personnel resources and heavy workload. We also found that $50 million of the inventory consisted of project material for which the Supply Center was not required to take a physical inventory. For project material, there was no requirement to conduct a periodic inventory. We recommended that a provision be made to inventory project material. The Coast Guard has agreed.

SENATOR LAUTENBERG: What were the effects of the failure to take inventory? For example, was additional material procured because of the lack of knowledge of what was already on hand?

ANSWER: The objective of our audit review was to followup on an earlier review made by the GAO to determine if identified corrective action had been taken. GAO had reported that inventory records did not properly reflect available stock levels on hand and that there was a minor problem with inactive items (no demand for 3 years). No assessment was made on the procurement impact that may have resulted from these inventory weaknesses.

DISADVANTAGED BUSINESS ENTERPRISES

SENATOR LAUTENBERG: You state that increased emphasis has been placed on curbing abuses involving DBEs and about 20 percent of your current investigative inventory involves DBE related offenses. How many investigations of DBE related criminal offenses are active at this time?

ANSWER: There are 31 active DBE related cases as of the end of March.

SENATOR LAUTENBERG: How many investigations were closed in the past 12 months because of no prosecutive potential?

ANSWER : There were two cases declined for criminal prosecution during the last 12 months.

SENATOR LAUTENBERG: What percent of DBE contractors are being investigated at this time?

ANSWER: We do not have any accurate figure for the number of DBE contractors and, therefore, cannot calculate the percentage under investigation.

SENATOR LAUTENBERG: What kinds of contracts are involved?

ANSWER: Almost all of the contracts under investigation are highway construction and maintenance contracts, although a few have involved mass transit construction contracts.

SENATOR LAUTENBERG: Provide a breakdown by agency and the amounts of the contracts in question.

ANSWER: We do not keep our records to enable us to summarize this information. The majority of the contracts are FHWA although there are a few UMTA contracts.

SENATOR LAUTENBERG: What needs to be done prior to contract award to avoid problems of ineligible firms?

ANSWER: Ineligible firms can be eliminated by rigorous examination by the states and grantees as part of their DBE certification and recertification process.

SENATOR LAUTENBERG: Where are the controls breaking down?

ANSWER: The greatest number of abuses involve the failure of the DBE to actually perform on the job. Although the DBE firm may be duly constituted and an eligible DBE, they frequently serve only as a paper conduit for 10 percent of the contract value. They perform no commercially useful function on the contract. States and grantees need to more closely monitor who is actually performing the work designated to be performed by the DBE firm. There are provisions in most contracts requiring that all tiers of subcontracting be reported and approved prior to contract performance. If those contract provisions were enforced by imposition of financial penalities, it might discourage prime contractors from using their own personnel and equipment to perform the work designated for DBEs. Prime contractors and DBEs should also be required to certify, under criminal penalties, who performed what tasks in each request for a progress payment on a contract. This practice would facilitate prosecution of the prime contractors for false statements and false claims. The Department is in the process of circulating a notice of proposed rulemaking which should strengthen the Department's DBE regulations.

1988 REQUEST

SENATOR LAUTENBERG: Your request contains an increase of $350,000 in office rent. There was already a substantial increase of $229,000 from fiscal year 1986 to 1987. What is the basis for the latest increase?

ANSWER: These increases are a result of increased office rental rates charged by the General Services Administration. The major rate increase occurred at the Headquarters Nassif Building which has risen from $15.03 per square foot in 1986 to $22.95 per square foot in 1987 to $27.00 per square foot in 1988. There were rate increases in all locations for 1988, but none which impacted more than at the Nassif Building.

SENATOR LAUTENBERG: In 1985 you consolidated three separate regional offices into a new office in Baltimore. How much did you save in rental costs?

ANSWER: Although Regions I, II and III were consolidated, all locations remained open as suboffices. There was, therefore, no savings in rental costs.

SENATOR LAUTENBERG: Are further consolidations under review?

ANSWER: We are not contemplating any consolidations at this time, although we are continuously reviewing the OIG organization in order to implement any changes which would result in greater efficiencies.

SENATOR LAUTENBERG: You estimate $3 million for "other services" in fiscal year 1988. What is included in other services?

ANSWER: Other services include contract audit, Working Capital Fund, Maintenance, Training, Alterations, Storage and Other Reimbursable Agreements.

SENATOR LAUTENBERG: What is the basis for the increase in costs of $142,000 from the fiscal year 1987 estimate of $2,858,000.

ANSWER: The increases are attributable to cost increases in contract audit ($40,000), computer time share ($52,000), other reimbursable agreements ($30,000), and maintenance ($20,000).

SENATOR LAUTENBERG: Your request shows that you expect to employ an average of 69 full-time permanent staff in the investigative functions in Fiscal Years 1987 and 1988, and 357 persons in the audit function in the same periods. Given your own experience and the Committee's concerns about bid rigging and other deliberate illegal activities, why don't you see any need to increase personnel resources in the investigative function?

ANSWER: Our philosophy has been to do the best job we could with the resources available by prioritizing the investigative caseload and directing our efforts to the most egregious offenses and those with the greatest impact on public safety or confidence. Investigative caseload is difficult to forecast in terms of workload planning. When we see a general trend toward a higher level of significant investigative caseload per investigator, we react with a reallocation of resources to get the job done. Often, however, we can and do augment the investigative staff with auditors on those cases which lend themselves to this type of support. This tends to get us over some of the peaks in workload. There is a recent development, however, which will impact on investigative resources; the passage of the Program Fraud Civil Remedies Act. The Act will require increases in investigative resources, which will be determined during the next fiscal year as the program is implemented.

RECOMMENDATIONS

SENATOR LAUTENBERG: If you could make three recommendations for improving the Department's management and strengthening its internal administrative controls, what would they be?

MR. MELCHNER: The Department has been reporting its most significant weaknesses in the Secretary's report to the President and Congress under the Federal Managers Financial Integrity Act. The problems repeatedly cited in the reports as Departmentwide material weaknesses have involved the following:

Improvement is needed in the control of Automatic Data Processing in the Department. Major weaknesses have been surfaced in regard to the lack of written policies and procedures, failure to control sensitive applications, lack of adequate disaster planning, procurement of noncompatible equipment, poor control of the operating environment and unauthorized use, weak edit routines, and the failure to properly segregate duties. While corrective actions have been implemented in many instances, there are continuing problems reported each year in the ADP area.

Serious accounting system weaknesses are present in the Department, especially in the Coast Guard, Office of the Secretary, and UMTA. Critical problems have surfaced in regard to duplicate payment and overpayment of invoices, failure to comply with IRS information return filing requirements, noncompliance with the

Prompt Payment Act, failure to record payables and receivables, inadequate prepayment review of travel claims, failure to process remittances promptly, lack of control over cash receipts, untimely billings and collections and failure to reconcile accounts. While considerable attention is being given to developing adequate Departmentwide accounting systems, it will be several years before the problems will be corrected.

A number of significant internal control weaknesses have been reported in the procurement areas such as the failure to properly administer procurements in order to prevent paying for undelivered goods and services, inadequate procurement planning, failure to close out contracts in a timely manner, inclusion of unnecessary unique requirements which lessens completion, inefficient processing and control of workload, and inadequate training and policy direction for procurement personnel.

Instances of problems in grant management and administration have been repeatedly reported. Problems have surfaced in regard to inconsistent grantee control of consultant contracts, inadequate monitoring of grants especially in UMTA, overexpenditure of grant funds, improper usage of grant funds by grantees, an inadequate grants management information system in UMTA, and the inability to control the DBE/WBE programs.

Inadequate control of personal property continues to surface as a problem in the Department. Weaknesses have been reported in identifying and recording personal property; assigning responsibility over property; reconciling subsidiary records with control accounts; and taking physical inventories and investigating differences. There have also been problems in using property efficiently, disposing of unneeded property, and providing adequate written procedures.

Questions Submitted by Senator D'Amato

AIR TRAFFIC CONTROLLERS

SENATOR D'AMATO: Last May your predecessor provided an assessment of FAA's Air Traffic Controller Workforce goals. That study concluded that FAA could not provide adequate documentation for controller statistics reported prior to January 1986, and FAA needs to ensure that its regions have realistic plans for adding more controllers. With regard to the latter conclusion, have the FAA regions developed plans for the hiring and training of the currently mandated 15,000 level? (If not, please elaborate.)

ANSWER: The FAA regions have developed plans for attaining the 15,000 controller workforce goal.

SENATOR D'AMATO: FAA contends that the "correct" number of controllers by the end of Fiscal Year 1988 is 15,225. (There were 16,200 controllers, before the 1981 strike.) Does FAA, in fact, have a system to determine how many controllers are needed for traffic levels at each facility?

ANSWER: FAA has conducted two studies to establish staffing standards. The staffing standard for terminals is based on work samplings of selected terminals using primarily annual traffic counts. The enroute center standard is based on an automated time study which includes tracking traffic through sectors every second

of the day. The time and effort of the controllers to handle traffic through the sector is factored in to identify the requirements. The standard includes an allowance for training new controllers and growth. Also, Regional Directors have some flexibility in allocating resources among their facilities.

SENATOR D'AMATO: The Chairman of the National Transportation Safety Board testified that 30-40 more controllers were needed at O'Hare Airport, but he could not place a number on the National Requirement. What can you suggest to this subcommittee as it seeks better figures about controllers adequate for safe air travel?

ANSWER: I believe one of the most important factors to be considered in determining the number of controllers needed would be an assessment of the staffing standard used by FAA. An evaluation of the standard would provide a better understanding of the assumptions and criteria used by FAA in not only determining the total number of controllers required but also how FAA evaluates certain factors such as overtime, time on the scope, controlling traffic under severe weather conditions, flow control and other matters. The General Accounting Office is currently conducting a review of controller staffing standards which should address most, if not all, of these issues.

AUDIT OF AIRMEN DRIVING RECORDS

SENATOR D'AMATO: On February 18, Inspector General Melchner testified on audit results matching FAA's Active Medical Files and the National Driver Register, which tracks driving violations. This audit of active airmen and their driving records, as reflected in the National Driver Register (NDR) is of tremendous interest. Melchner testified that of over 700 thousand airmen with "active medical certificates", about 10 thousand (1 1/2%) showed up in the NDR as individuals whose licenses were suspended or revoked because of driving while intoxicated. However, 76% of these airmen with serious traffic convictions had not reported them as required by law. What penalties is FAA assessing on airmen who fail to disclose traffic violations? (e.g. Revoke Airmen Certificate.)

ANSWER: FAA presently does not have a systematic method to identify airmen who fail to disclose traffic convictions. In particular, they do not have access to the NDR to match traffic records with an airman's medical application. Therefore, there have been very few cases where FAA was advised that an airman had falsified a medical application in regard to traffic convictions. However, based on recommendations made in our audit report, FAA has requested that the Department submit a legislative proposal to give them access to the Register.

The computer match of the NDR conducted for the Office of Inspector General (OIG) audit disclosed only statistics on the number of airmen who failed to disclose driving while intoxicated convictions. The computer match disclosed only statistics because, similar to FAA, the Inspector General (IG) does not have access to the NDR. We have proposed language to the Department which removes any barriers to IG access. Since that audit, the OIG has begun a match with the Airmen Medical File and Federal Bureau of Investigation records to identify the names of those airmen who have falsified their medical application. While the OIG pursues the falsification from a criminal standpoint, FAA will determine what administrative action can be taken.

SENATOR D'AMATO: Will FAA conduct follow up medical tests to corroborate data matches?

ANSWER: We will refer all matches when the data shows the airman did not disclose the alcohol or drug convictions. Our recommendation will be that FAA take whatever action is appropriate to prevent the airman from operating an aircraft while under the influence of alcohol or drugs. We believe this may require FAA to conduct followup medical tests. This determination will probably have to be made on a case-by-case basis.

SENATOR D'AMATO: What legal restrictions must be removed in order for the Register to be used by transportation industries and FAA? Can FAA currently use the Register for cross-checking air traffic controller, security and inspector applicants?

ANSWER: Under the National Driver Register Act of 1982, which will govern the modernized Register, the only parties who may request access to NDR information are state driver licensing agencies, the National Transportation Safety Board and the Federal Highway Administration (in the course of accident investigations), employers of drivers (at the request of the employee/applicant), and individuals to whom the records pertain. The 1982 Act would need to be amended to extend access to transportation industries that do not presently have access and to the FAA. To provide access for these entities to information submitted to the Register by states under Public Law 86-660 (74 Stat. 526), as amended, which governs the current Register, additional statutory access would have to be provided.

In answer to the second question, because of the statutory restrictions, FAA cannot currently use the Register for cross-checking air traffic controller, security, and inspector applicants.

SENATOR D'AMATO: Your audit shows potential uses of the Register. However, it was clear during last week's testimony of Diane Steed, (The National Highway Traffic Safety Administrator) that the National Driver Register has serious deficiencies. (e.g., Not all states participate; not all data is reliable.) Will your office work with NHTSA to improve the Register?

ANSWER: We are very willing to work with NHTSA to identify and make recommendations with respect to improving the NDR. However, we need to have our access rights to NDR data clarified before we can be of any assistance.

With respect to access rights, the Inspector General Act of 1978 provides that each Inspector General is authorized "to have access to all records ... available to the applicable establishment which relate to programs and operations with respect to which that Inspector General has responsibilities under [the Inspector General Act]." However, the statutes governing the NDR contain specific limitations on access to NDR information. Based on these statutory limitations, the National Highway Traffic Safety Administration has felt constrained from sharing NDR information except for statistics with the OIG. As the Department developed statutory language to allow the FAA to receive NDR information, we recommended that the Department take the opportunity to obtain statutory clarification that the Inspector General has authority to have access to NDR information when needed by the Inspector General to conduct an audit or investigation. The Department has the matter under consideration.

SENATOR D'AMATO: To what extent are the Federal Railroad Administration and the Bureau of Motor Carrier Safety participating in meetings leading to use of the NDR in those industries?

ANSWER: While we are not aware of all meetings that may have occurred, we know that the Federal Railroad Administration and the Federal Highway Administration, of which the Office of Motor Carriers is a part, are participating in the internal review of the means to extend access to the NDR. As indicated previously, under the statute that will govern the modernized Register, employers of motor vehicle drivers (at the request of the employee/applicant) already will have access to NDR information.

SENATOR D'AMATO: Provide for the record any materials that summarize the various legal interpretations on use of the Register in conjunction with a transportation industry and/or Federal employee drug/alcohol testing program.

ANSWER: Although we have been unable to locate any existing legal interpretation summaries, we are able to describe the key statutory access provisions: Public Law 86-660, as amended (23 U.S.C. Section 313 note), which governs the current Register, includes the following language: "Only at the request of a State, a political subdivision thereof, or a Federal department or agency, shall the Secretary furnish information contained in the register established under the first section of this Act, and such information shall be furnished only to the requesting party and only with respect to an individual applicant for a motor vehicle operator's license or permit."

Section 206(c)(1) of the National Driver Act of 1982, which will govern the "new NDR," provides, "[T]he Secretary shall not relay, or otherwise transmit, information specified in section 205(b)(1) or (3) of this title to any person not authorized by this section to receive such information...." The only parties authorized by section 206 to request access to NDR information are state driver licensing agencies, the National Transportation Safety Board and the Federal Highway Administration (in the course of accident investigations), employers of motor vehicle drivers (at the request of the employee/applicant), and individuals to whom the records pertain.

TRANSIT CONSTRUCTION MANAGEMENT OVERSIGHT

SENATOR D'AMATO: I have seen to it that the past appropriations (and now the soon-to-be vetoed transit authorization) contain a transit construction oversight program. Last year, the Inspector General testified that UMTA was developing a list of oversight firms. Please provide a status report on this program.

ANSWER: To date, UMTA has contracted with 10 firms to assist in providing oversight to grantees construction activities. At this time, 8 contractors are actually assigned to grantee construction projects as follows:

Contractor	Project Assigned	Project Status
Morrison-Knudson Engineers, Inc.	1. Jacksonville, Fla. ASE Peoplemover	Final Design, Construction
	2. San Juan, P.R. Aqua Guagua Waterway	Final Design, Construction
STV, Seelye, Stevenson, Value, Kneckt	1. St. Charles, La. Rehab Light Rail	Final Design, Construction
North Pacific Construction Management	1. San Diego, Ca. Light Rail	Final Design, Construction
	2. Houston, Texas Busways	Final Design, Construction
Hill International	1. Frankford, Pa. Rehab Heavy Rail	Final Design, Construction
	2. Los Angeles, Ca. Metro Heavy Rail	Final Design, Construction
Day, Zimmerman/Stone, Webster (Joint Venture)	1. Washington, D.C. Heavy Rail	Final Design, Construction
Bechtel National, Inc.	1. Chicago, Il. S.W. Corridor Heavy Rail Extension	Final Design, Construction
Parsons, Brinckerhoff, Quade and Douglas, Inc.	1. St. Louis, Mo. Light Rail	Preliminary Engineering
Fluor Transportation and Infrastructure, Inc.	1. New York City, NY 8th Ave. Heavy Rail	Construction
	2. Long Island, NY Heavy Rail Electrification	Construction
	3. New York Tunnels	Construction

NATIONAL AIRSPACE SYSTEM (NAS) PLAN

SENATOR D'AMATO: Provide for the record highlights of the conclusions you reached based on FY 1986 reviews of the National Airspace System Plan. What is the IG's NAS plan workload this Fiscal Year? In particular, please advise the subcommittee of any recommended adjustment (expansion or retraction) in the System Engineering and Integration Contract with Martin Marietta, since that line item will be scrutinized before the next 5-year extension.

ANSWER: The IG has completed 10 audits of NAS Plan elements during Fiscal Year 1986. The audits included:

Airport Surface Detection Equipment - FAA needs to procure better airport surface detection equipment. FAA should not contractually commit to procure more than the 17 units under contract until a comprehensive benefit-cost analysis is performed and the contractor has demonstrated the feasibility of producing the units within contract award amounts and schedule.

Flight Service Automation System - FAA can significantly reduce the $31 million procurement cost for Model 2 by obtaining weather graphics and direct user access terminals from competitive commercial sources and eliminating some specifications.

Replacement and Modernization of Airport Towers and TRACONs - FAA's program was effective in identifying candidate locations for replacing and modernizing airport towers and terminal radar approach control facilities (TRACONs). However, FAA needs to pursue legislation which will define airport sponsor responsibilities for funding relocations necessitated by sponsor-initiated airport improvements or changes.

Flight Inspection Aircraft Program - The OIG followup review of FAA's fleet conversion program disclosed that FAA has taken some actions to implement prior audit recommendations. However, if the program is significantly delayed beyond June 1986, FAA should consider a mixed fleet of upgraded and new aircraft as stated in the prior audit report. FAA is currently purchasing 19 new aircraft and extending the service life of 5 aircraft.

Mode S/Data Link Program - FAA needs to accelerate data link development to improve air traffic safety and stimulate purchases of Mode S avionics. Also, delays in data link applications may adversely affect the success of other NAS Plan projects.

Airport Surveillance Radar Replacement Program - FAA's replacement program will achieve its objective of replacing all the older tube-type airport surveillance radars. However, FAA needs to clarify installation plans to minimize costs and ensure that any future procurements of airport surveillance radars are cost-effective.

System Engineering and Integration Contract Award Fee Process - To ensure effective use of $83 million in award fee funds, the procedures for awarding carryover fees need to be improved. Additionally, the contract performance evaluation plan should be revised to correct weaknesses in internal controls and ensure that all the necessary inputs are received and considered. Also, periodic monitoring of compliance with the plan should be performed.

Selected Relocation Costs Incurred by the System Engineering and Integration Contractor - Unallowable and questioned costs of over $1.2 million have been charged to FAA because the contractor's relocation policy differs significantly from what is permitted under Federal Procurement Regulations. Additionally, the contractor did not always follow established policy or maintain financial records in accordance with generally accepted accounting principles.

Development of FAA's Automated Weather Systems - Better coordination in developing automated weather systems could save millions. FAA had spent $33 million on the development of its Central Weather Processor even though the National Weather Service (NWS) was developing automated weather information systems that may be able to meet a number of FAA requirements. Also, the flying public and the airlines could achieve weather related savings totaling about $90 to $108 million annually if an automated system was adapted for implementation. In addition, although NWS is currently developing an automated weather observation system for use at airports, FAA has begun work on a similar system. FAA should rely on NWS for the development, acquisition, and operations of automated weather information systems.

FAA's Use of Specification Document Preparation Standards - FAA did not have adequate assurance that initial functional system design specifications for interfacing the Weather Message Switching Center Replacement and the National Airspace Data Interchange Network would meet FAA standards.

There are currently 94 projects in the NAS Plan estimated to cost about $16.5 billion. About 9 of the 94 projects are not yet candidates to be audited because they have just recently been initiated or there is little activity that can be audited. Through the combined audit efforts of the Inspector General and GAO, we have issued audit reports involving 25 of the 85 auditable projects. In addition to these past audits, 6 audits are now in process or planned to begin during the rest of FY 1987.

Our completed reviews of the SEI contract concentrated on FAA's monitoring of the contract. Other facets of the contractor's performance are being reviewed by the General Accounting Office. We have not reviewed the adequacy of the services being provided by the contractor. Thus, we do not have any recommended adjustments to the contract.

SENATOR D'AMATO: Is FAA still paying award fees in excess of performance ratings?

ANSWER: Yes. Since our audit, FAA has been separately evaluating the contractor's performance for the carryover fee and is no longer paying the full carryover. However, the total amount paid over five performance periods still exceeds the performance ratings given by the board.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. The subcommittee will have its next meeting on April 2 in room SD–124 in the Dirksen Building. That is Thursday at 2 o'clock. At that point we are going to be reviewing the St. Lawrence Seaway Development Corporation and the Architectural Transportation Barriers Compliance Board.

Thank you very much. This hearing is adjourned.

[Whereupon, at 3:50 p.m., Thursday, March 26, the subcommittee was recessed, to reconvene at 2:30 p.m., Thursday, April 2.]

DEPARTMENT OF TRANSPORTATION AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1988

THURSDAY, APRIL 2, 1987

U.S. SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, DC.

The subcommittee met at 2:30 p.m., in room SD–124, Dirksen Senate Office Building, Hon. Frank Lautenberg (chairman) presiding.

Present: Senator Lautenberg.

DEPARTMENT OF TRANSPORTATION

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

STATEMENT OF JAMES L. EMERY, ADMINISTRATOR

ACCOMPANIED BY:
EDWARD MARGOSIAN, CORPORATION COMPTROLLER
WILLIAM TUSAIE, DIRECTOR OF CONGRESSIONAL AFFAIRS

INTRODUCTION OF WITNESSES

Senator LAUTENBERG. We are pleased to have you here. Your subject is one of interest.

The committee today welcomes two agencies, first we are going to hear from Mr. James Emery, Administrator of the St. Lawrence Seaway Development Corporation. Following his presentation and the customary question and answer period, the committee will be hearing from Charles Hauser, Chairman of the Architectural and Transportation Barriers Compliance Board.

The St. Lawrence Seaway was officially opened in 1959, and since then has handled over 150,000 vessel transits carrying 1.1 billion metric tons, with an estimated value of over $200 billion. The seaway, however, due to factors beyond its control—trade embargoes, strength of the U.S. dollar, has seen its traffic decline from the levels transiting the Seaway in the late seventies.

The committee today will examine Mr. Emery's efforts in the trade development area. In addition, we will also question the Corporation's response to the recently enacted Water Resources Development Act, which changes the seaway from a self-financing enterprise to one that depends on appropriations from the newly created Harbor Development Trust Fund.

As I said, following Mr. Emery's testimony the committee will hear from Mr. Hauser and his associates on the activities and the progress of the Architectural and Transportation Barriers Compliance Board. The committee is always interested in the progress that the Board is making to complete its research on minimum guidelines for accessibility and whether such guidelines are being adhered to when federal funds are involved in building construction.

The committee is also concerned that the Board stay active with other federal agencies to provide the technical assistance necessary when questions on handicapped accessibility arise.

With that, I am happy to welcome our first witnesses. Mr. Emery, I invite you to present your testimony, as much as you can in summary form. While we are not in a great hurry, we do have the usual other Senate business to take care of. Your full statement, however, will be included in the record.

STATEMENT OF JAMES EMERY

Mr. EMERY. Thank you, Mr. Chairman.

With me today on my right, your left, is Edward Margosian, our comptroller; and on my left is William Tusaie, the director of congressional affairs.

And as you mention, I have submitted a statement for the record. Let me just briefly summarize that our total request for fiscal year 1988 is $12.5 million, of which $10.4 million is for operating and maintenance and $2.1 million is for administrative costs.

Senator LAUTENBERG. As a point of interest, the Senate just overrode the President's veto on the highway bill. That does not mean, however, that there are more funds available. [Laughter.]

Mr. EMERY. So we can drive 65 on the seaway now.

To fund this program under current legislation, we are requesting an appropriation of $11.66 million from the harbor maintenance trust fund. The balance of the funding needed to carry out our programs is expected to come from nontoll revenues and therefore remain available for Corporation use. As you are aware, the Water Resources Development Act requires the deposit of our toll revenues into the harbor maintenance trust fund effective April 1 of this year.

SEAWAY FINANCING

I would be remiss not to say that our former status as a self-financing government corporation is best suited to meet those responsibilities in an effective, efficient, dependable manner. The 83rd Congress, which authorized construction of the seaway in 1954, established the Seaway Corporation as a self-financing entity.

Congress then saw a number of advantages in this arrangement. It forced the Corporation to control costs in order to live within its revenues. It gave the Corporation a built-in incentive to promote trade and traffic in order to generate revenue. It ensured that tolls paid to use the seaway would be applied toward seaway programs and services.

It provided the seaway with a dedicated and secure revenue stream that did not have to be met by the federal treasury. It allowed the Corporation to deposit retained earnings in a reserve fund to finance emergency repairs and capital improvements.

As a note of interest, we deposited our reserves in minority bank programs over the past 3 years and the income we have generated has supported our maintenance projects.

This structure has served the seaway extremely well over the years. It has worked just as the 83rd Congress intended, until last year when the water resources bill was passed that made us an appropriated agency.

With that passage, cost control discipline inherent in meeting a bottom line will possibly be eroded. The incentive to build up trade and traffic will be weakened, and there is no guarantee that money paid to use the seaway will be applied to seaway programs.

Unless one is set up, the Corporation will not have access to its reserve funds if our current reserves become depleted. This could become catastrophic if the seaway is hit by an unforeseen mishap similar to those that have occurred on the Canadian side during the past 2 years.

REQUEST FOR SUPPLEMENTAL APPROPRIATION

Another problem is that funds are not appropriated to carry out the seaway from April 1, when the law goes into effect, until October 1. We have therefore requested a supplemental appropriation. Our budget request for that asks for $6 million to fund the Corporation's activity for the first 6-month period of April 1 to October 1.

In the absence of appropriations or the reinstatement of toll revenue, the Corporation will be forced to deplete its reserves just to hold its head above water in the interim. I therefore urge the subcommittee to act favorably in a timely fashion to provide the supplemental funding requested, while the Corporation proceeds with its proposal to return toll financing through the legislative process.

I am entirely supportive of the administration's request that the seaway be restored to self-financing. It is the best way to go for all concerned, in my judgment including Congress. It relieves you of the job of appropriating funds for the seaway, and we certainly do not mind earning our way.

SYSTEM INTEGRITY/SYSTEM CREDIBILITY

What we have done during this last year to enhance the seaway's integrity and credibility. I would like to just go into three programs.

One, thanks to Congress last year, they appropriated $2 million to help us complete the concrete rehabilitation work. In previous years that has been a drain on the Corporation's finances. That program is now behind us.

Second, under H.R. 6 we are authorized $39 million for structural repairs to the Eisenhower and Snell locks. We have contracted with a firm in Pennsylvania, Gannett-Fleming. They have completed their engineering study and they have estimated we can do the repairs for be-

tween $12 and $13 million in both locks—far less than the $39 million that was authorized.

Third, we have engaged an engineering firm in Syracuse, NY, to provide us with a contingency plan in the event our locks suffer a major shutdown because of some disaster. As a part of that program, we have looked at hypothetical situations that could occur. They have completed an analysis in the 100 mile radius of Massena, NY, of all specialized personnel and equipment used to restore us immediately in the event that we went down.

TRADE AND TRAFFIC DEVELOPMENT

In 1984 I held a series of Port Listen-Ins on the U.S. side, meeting with the maritime community to find out what indeed they wanted us to do in marketing and trade promotion.

As a result of that, we created the Trade and Traffic Development Office here in Washington and in the region of the Great Lakes. We created that without asking for more slots. We used existing slots available to us. That program has been running us about $1 million a year.

We have furnished this committee a full report of our activities of the calendar year 1986, and that was sent up to you earlier this year. Some of the key results, I think, that we have recognized as a result of our trade and traffic development follow:

Last year, 1986, we had an 11-percent increase in ocean vessels, which is predominantly those that use the seaway for export and import of products into the Great Lakes area.

Our other bulk commodities, that of wood pulp, cement, agriculture, fertilizers, chemicals, rose 13 percent, tripling the rate of the 3-year average in those categories.

Although the total grain exports are down for the United States, our market share went up 4 percent.

We are handling a considerable amount of military vessels out of the Great Lakes now, at rates that are as much as 60 percent lower using the Great Lakes ports than other ports.

In our trade mission of 1987 that we just completed, there were 50 participants from the United States and Canada, equally divided. The private sector comments to date have been that this is the best one ever, that there was a considerable amount of business done in the European communities that we stopped at, and we are looking for a rather good year.

As a matter of fact, we opened up March 31, just 2 days ago. The first ship went through Snell lock at midnight, and we have in the first 24 hours handled 10 ships, 8 upbound going into the lakes carrying iron ore, which I hope is an indication that our steel industry is moving ahead because that is a major commodity for us, and 2 other ocean-going vessels carrying cargo into Great Lakes cities.

COST CONTROL MEASURES

One of the things that have enabled us to do what we have wanted to do is the cost control measures that we have been able to implement during the past 3 years. We heard the trade say that, one, cost competitiveness was the reason they would use the seaway.

I am pleased to report that the tolls have been frozen every year since I was appointed in 1983, based upon our 1983 toll levels; and we have extended that through 1988. That is on the United States section between Montreal and Lake Ontario that we share jointly. There have been slight increases on the Canadian side on the Welland Canal.

Yet, during this 3-year period we have handled the most comprehensive concrete rehabilitation program that we have ever had and we have replaced and updated our capital program and equipment.

To help us meet our goals, our employees, who bargain directly with us at the seaway, have agreed to a wage freeze through 1990, and the International Longshoremen's Association have just reduced their hourly wages for steel, grain, heavy equipment, and the Food for Peace Program in the Great Lakes.

In closing, I would like to point out that the strategic planning group that Secretary Dole appointed last year, that was cochaired by your distinguished predecessor, Senator Andrews, and cochaired with Congressman Nowak and Congressman Pursell, certainly gives us direction as we go toward the year 2000.

And I would like to point out that they very strongly said that our funding should remain unchanged, and that is being a nonappropriated agency. So I hope that that sentiment is carried through in this session of Congress and that they act favorably on that legislation that is before us.

PREPARED STATEMENT

I would be very happy now to answer any questions that you might have.

Senator LAUTENBERG. Thanks very much, Mr. Emery.

[The statement follows:]

STATEMENT OF JAMES L. EMERY

Mr. Chairman and other distinguished Members of the Subcommittee. I first wish to congratulate you today on your membership in the historic 100th Congress. You're entitled to a sense of pride that the people back home have elected you to represent them as our Constitution enters its third century of insuring liberty and justice for all in this great land of ours.

Having said that, my specific purpose today is to present the Saint Lawrence Seaway Development Corporation's Budget request for fiscal year 1988. In a nutshell, the total request is for $12.5 million of which $10.4 million is for operations and maintenance and $2.1 million is for administrative costs.

To fund this program under current legislation we are requesting an appropriation of $11.66 million from the Harbor Maintenance Trust Fund, as authorized by Section 210 of Public Law 99-662, the Water Resources Development Act of 1986. The balance of funding needed to carry out our FY 1988 program is expected to come from non-toll revenues, which were not affected by Public Law 99-662 and, therefore, remain available for Corporation use. As you are aware, the Water Resources Development Act requires the deposit of our toll revenues into a new Harbor Maintenance Trust Fund, effective April 1 of this year.

The budget will allow the Corporation to finance normal operations as well as to follow through on the new system integrity and marketing programs we have instituted over the past three years. It would be remiss of me not to say that our status as a self-financing government corporation is best suited to meeting those responsibilities in an effective, efficient, dependable manner.

Seaway Financing

The 83rd Congress which authorized construction of the Seaway in 1954 established the Seaway Development Corporation as a self-financing entity. Congress saw a number of advantages in this arrangement:

- It forced the Corporation to control costs in order to live within its revenues.
- It gave the Corporation a built-in incentive to promote trade and traffic in order to generate revenue.
- It insured that tolls paid to use the Seaway would be applied toward Seaway programs and services.
- It provided the Seaway with a dedicated and secure revenue stream that did not have to be met by the Federal Treasury.
- It allowed the Corporation to deposit retained earnings in a reserve fund to finance emergency repairs and capital improvements. We have placed our reserve funds in interest bearing accounts under the Minority Bank Deposit Program with interest income earmarked for maintenance projects.

This structure has served the Seaway extremely well over the years. It has worked just as the 83rd Congress intended. If it is not broke why fix it?

This tradition will be ended April 1, 1987 when provisions of the Water Resources Development Act of 1986 take effect which will make the Corporation dependent on annual appropriations from the new Harbor Maintenance Trust Fund. Ironically, this Act, which originates the collection of user fees for port and harbor development projects, effectively ends a user fee that has existed for 28 years--Seaway tolls. The change runs counter to the advantages I cited earlier.

Cost control discipline inherent in meeting a bottom line will be eroded. The incentive to build up trade and traffic will be weakened. There is no guarantee that money paid to use the Seaway will be applied to Seaway programs. Unless one is set up, the Corporation will not have access to a reserve fund if our current reserves become depleted. This could be catastrophic if the Seaway is hit by an unforeseen mishap requiring an immediate infusion of cash.

In addition to these domestic questions, the change has fostered concern among our Seaway partners in Canada that the United States is altering a long-standing agreement between our countries that the Seaway should be financed by a joint tariff of user tolls.

Another problem is that funds have not been appropriated to carry the Seaway from April 1, when the new law is scheduled to take effect, until October 1 when the new fiscal year begins. Our budget justification includes a request for a $6 million FY 1987 supplemental appropriation to fund the Corporation's activities for that six-month period. In the absence of appropriations or the reinstatement of toll revenue, the Corporation will be forced to deplete its reserves just to hold its head above water in the interim. I therefore, urge the Subcommittee to act favorably and in a timely fashion to provide the supplemental funding requested, while the proposal to return the Corporation to toll financing makes its way through the legislative process.

I am entirely supportive of the Administration's request that the Seaway be restored to self-financing status. It's the best way to go for all concerned including Congress. It relieves you of the job of appropriating funds for the Seaway. We don't mind earning our own keep. If our self-financing is restored, I am confident that toll revenue, interest income and access to our reserve accounts will sufficiently fund our 1988 budget.

We hope that the wisdom and foresight of the 83rd Congress will be validated by the 100th Congress through your agreement to return the Seaway to self-financing status.

System Integrity/System Credibility

System integrity/system credibility is the sine qua non of the Seaway. The dependability of our locks is of the absolute essence if the Corporation is to fulfill its central mission of operating the Seaway. We are continuing to make sound progress on the comprehensive three-phase program to address our infrastructure needs that I outlined in my testimony last year.

Phase One will be completed in time for the opening of the 1987 navigation season. As a result of a two-year intensive effort, the deteriorated concrete on the walls of Eisenhower Lock will be completely restored.

This nagging problem has been a financial drain on the Seaway for the past twenty years. That's why in 1984 we made a commitment to get the problem behind us.

This year's work was funded by a special $2 million appropriation.

Phase two of the integrity program is well underway. As a follow-up to the 1985 Reconnaissance Report of the Buffalo District Office of the U.S. Army Corps of Engineers we retained the engineering consulting firm of Gannett-Fleming of Harrisburg, Pennsylvania for a design study to bring the stability of both Eisenhower and Snell locks up to modern day standards.

Gannett-Fleming has given us a preliminary analysis of the project and will issue a final recommendation on it this spring. Retaining the consultants for a "second opinion," so to speak, has proven extremely worthwhile as they are projecting the cost of the stability work to be substantially less than the estimate contained in the Corps report (which was the basis for the $39 million).

Phase Three of the integrity program is the preparation of a contingency plan by the engineering firm of Calocerinos and Spina of Liverpool, New York. The plan will catalogue the equipment, materials and personnel needed to respond in a quick and effective manner to hypothetical Seaway mishaps. While we are happy to report that the Seaway was incident free last year, having the contingency plan on the shelf will raise our degree of preparation to the highest possible level. The plan will be ready this year.

As a result of this three-phase program I am confident that the perception of the Seaway's reliability and dependability will be further enhanced among the worldwide shipping community. This perception is an important underpinning of our efforts to attract more business to the Seaway.

Trade and Traffic Development

In response to the consensus recommendations of Seaway users received through our 1984 series of Port Listen-Ins, the Corporation for the past three years has served as the catalyst for an aggressive Seaway trade and traffic development campaign. Last year, that campaign produced results in many of the target areas I set out in my testimony last year:

- Transits of commercial vessels increased seven percent to 3,306. Transits of ocean vessels rose eleven percent.

- Cargo listed in the "other bulk" category rose thirteen percent tripling the annual rate of increase over the past three years. Largely United States exports, these cargoes include chemicals, salt, stone, petroleum products and scrap.

- Grain retained its place as the largest Seaway cargo with the Seaway's market share of the United States grain exports enlarging by eight percent. Given the interest of the Administration and Congress in promoting agricultural exports, the Seaway Grain Export Task Force we formed is working hard to facilitate the movement of more wheat, corn, soybeans, sunflower seeds and other grain through our waterway.

- Shipment of military cargo such as tanks, vehicles and household goods on U.S. flag vessels to and from our bases in Europe expanded over 1985's first year levels. Defense officials found that rates out of the Great Lakes were as much as sixty percent lower than competing routes. Additional space on the vessels was used for commercial shipments, demonstrating the Seaway's competitiveness for general cargo.

- Great Lakes ports again displayed their expertise in handling heavy lift shipments as we handled the largest heavy lift move in Seaway history. These shipments are labor intensive, creating work for our stevedores and longshoremen.

- Deutz-Allis, a major multinational manufacturer of vehicles and equipment, located a distribution center in the Great Lakes to serve the Midwest market. The cost savings of using the Seaway will be passed along to their customers in the form of lower prices.

While these results are exciting, we are not content yet. In March 1987, a joint United States-Canadian fifty-member delegation will be in Northern Europe on our third annual Seaway Trade Mission. The trade mission is not only the focal point of our worldwide marketing program, it is also a brilliant example of the unity we have achieved in the Great Lakes-Seaway System. The Seaway agencies, the ports, stevedores, shipping companies, labor, pilots, provincial and state governments are pulling together as never before in a cohesive effort to bring new business to the Seaway.

In addition to this united approach to promotion, we have achieved unparalleled solidarity in the fight to control costs. There are numerous examples throughout the system over the past year where costs have been cut or stabilized in order to keep the Seaway competitive.

For our part the Corporation has held the line on tolls for the Montreal to Lake Ontario section of the Seaway since 1983 and will continue to do so in 1987. Despite the costs of our system integrity and marketing programs, which are new costs compared to past years, we have been able to freeze tolls through the management improvements we have adopted since 1984. As a self-financing Corporation, we have lived up to the challenge to live within our revenues and we are proud of it.

I might also add that our determination to maintain the toll freeze in the future was enhanced by the decision of Seaway employees union Local 1968 of the American Federation of Government Employees last year to accept a three-year contract extension that holds wage rates at current levels in return for an improved health and dental package. They did it as their part to keep the Seaway competitive.

While Montreal to Lake Ontario tolls will be frozen in 1987, the Seaway Authority of Canada is imposing a toll increase on the Welland Canal equivalent to a four percent systemwide increase in 1987 and four percent systemwide in 1988. The Authority management maintains this increase is needed to fulfill their mandate to be self-sufficient.

A detailed report on our 1986 trade and traffic development program was provided to the Subcommittee on January 1, 1987. I would be happy to answer any questions on it.

I also want to express my appreciation to Congressman Lehman and Congressman Nowak for their clarification of congressional intent vis-a-vis the expenditure of Corporation funds for marketing programs.

Similarly, we are indebted to Congressman Nowak, Congressman Pursell, and former Senator Andrews for co-chairing the Seaway Strategic Planning Group which issued its final report to Transportation Secretary Dole on November 5, 1986. The report represents the consensus recommendations of a cross-section of Great Lakes private and public sector leaders on the marketing, infrastructure and financial steps the Seaway needs to take in order to remain competitive into the 21st Century. It will serve as a shining star for Seaway navigators for years to come.

Thank you and I would be happy to answer any questions.

TRADE MISSION DESTINATIONS

Senator LAUTENBERG. I want to talk about the trade mission. A Booz-Allen cost competitive study identified Western Europe and the Mediterranean as the best potential overseas markets for the seaway route.

The third trade mission visited Norway and Denmark for the first time, and revisited West Germany, Belgium, and London. Why did you choose to visit Norway and Denmark?

Mr. EMERY. We subscribe to a service that is put out by the Journal of Commerce, which is the transportation newspaper I am sure you are familiar with, called PIERS, Port Information Export Reporting Service. We have a computer terminal in our office and we are able to access that data base.

What we use that for is to track imports and exports originating in the Great Lakes states or finally destined for Great Lakes states. We can track that and see whether that cargo goes through our ports or whether it goes through other ports on its way to its final destination.

The Scandinavian countries—and incidentally, although we only made two stops, we had representatives from Finland and Sweden at our Oslo stop. The potential there for cargo that we can attract into the Great Lakes is there because cargo is originating and is destined for the Great Lakes from those countries. So they were two potential countries that we could attract new cargo.

Likewise, the Booz-Allen study did not touch on the Canadian imports and exports, and Canada, because this was a cosponsored trade mission, jointly sponsored by the two countries, had an interest in those countries as well.

I might point out that we did achieve some business while we were there. Already there is some cargo that is destined for Toledo from Norway.

Senator LAUTENBERG. Would you say that your visit helped influence that decision? Mr. Emery, what I am trying to understand is what the value is of those visits. I intend it to be an objective question here, because so much of those decisions are made based on the port of departure as well as the destination. And obviously, if the seaway presents

the most convenient route, and it is cost justified, you are going to get that business.

You have been to Germany and Belgium and England not too long ago, a year ago I think. Is that about right?

Mr. EMERY. We went 2 years ago to London. We made return visits this year to London and Antwerp. We were there 2 years ago.

We did make a different stop in Germany this time. The last time we were in Hamburg; this time we were at Dusseldorf, which is their industrial area, Dusseldorf and Cologne.

I think we should recognize what the Seaway Corporation does and what the Seaway Authority does. We, because of our status as a government agency working with the Department of Commerce, Foreign Commercial Service and the State Department, we are accredited with industry status as a federally sponsored trade mission.

We are able to draw the people together. It is very unique in that the United States and Canada jointly do this. We are able to bring together the decisionmakers in the European community, Scandinavian community, to meet with the port directors of the various ports and the trade.

This year we had three steamship companies, eight, I think it was eight stevedore companies and agents. And we had more private sector involvement this year. By bringing the people together—they are the ones that make the contracts on whether they go to Toledo, Chicago, or an east coast or a gulf coast port.

Our job is to be a liaison, be a coalescent to bring those people together. One comment, for instance, that I heard as we went to Dusseldorf from an agent in Detroit is that: It would take me 7 years to reach the people on this list, and you have them in one room; and indeed, you have the decisionmakers that I could not reach.

We got a letter from a steamship company representative, a vice president out of Canada, saying that this was the best trade mission ever in the contacts they made.

It is a matter of going back, reminding the people who you are, what your competitive posture is. And we follow this up. We do not do it just on a basis of going over and meeting them once a year. There is a lot of followup mailings done to them. We send Seaway Review on a quarterly basis to all of the participants.

So I think that we have a good followup program. What we are told in the business is that you can skip a year, but you ought to go back to your strength every 2 years.

Senator LAUTENBERG. Does the U.S. trade mission do any of that?

Mr. EMERY. Trade Representative?

Senator LAUTENBERG. Yes.

Mr. EMERY. There are several trade missions that are sponsored by the Department of Commerce, most of them in product areas. I mean, you will have small—a machine tool group will go over and try to sell machine tools. I think we are probably the only one that goes over from a federally sponsored transportation point of view.

Now, the Delaware River ports go over by themselves. Baltimore goes over.

Senator LAUTENBERG. The port authority has offices.

Mr. EMERY. The port authority, yes, the states have offices there.

Senator LAUTENBERG. I used to be a commissioner of the port authority.

Mr. EMERY. They go over regularly.

And generally they say that you should go back about every 2 years to your major ports, and Antwerp and London are the two major centers for us.

TRADE MISSION SUCCESSES

Senator LAUTENBERG. What can you provide the committee with by way of data on imports or exports specific that show that these trade missions have been successful in attracting cargo through the seaway?

Mr. EMERY. I think the report that we did last year for the year 1986 points out what we conclude are the advantages and the derivatives from the trade mission and from our program. We will be certainly most happy to do that for you on an annual basis every year.

Specifically, again, I can come out with incidents. For instance, in the port of Ogdensburg, which is upstate New York, Senator D'Amato's and Senator Moynihan's area, if that port succeeds in getting their cargo that they are bidding on right now at Antwerp, it will double their amount of product that they handled last year. And they readily admit they could not do that themselves.

We have—for instance, when we were in London, the United States Ambassador, the Canadian Ambassador, jointly sponsored a reception at the Canadian Ambassador's home, that allows us to bring together the high-level participants that we want.

So it is the access to the decisionmakers, I think, that is the bottom line. But we will be glad to share with you our results, because I too am interested in it.

Senator LAUTENBERG. Maybe they just like your personality, Mr. Emery.

What I would like to do is get some hard data.

Mr. EMERY. Sure.

Senator LAUTENBERG. For the record, whatever you can get, because there is a concern. Obviously, there is a cost in time and money for you and your colleagues to do that.

Do you plan a fourth overseas trade mission?

Mr. EMERY. Well, we are looking at that now. I think it will depend a great deal on what posture we are in from a fiscal point of view, whether or not the new legislation passes which gives us a little bit more flexibility. Absent that, there was some colloquy last year on the floor in the House regarding our trade and traffic development programs, and we would like certainly some direction from the committee if they want us to continue.

I should point out, and I hope that—I know the staff has reviewed our report last year. The trade mission cost to us is a very small item.

We do charge each participant for their travel and housing costs. Our costs are mostly the planning and the involvement of bringing together the people.

But I think our cost-benefit is greatly enhanced to us. But we will be certainly very happy to get you all those figures.

Senator LAUTENBERG. So you are not definite about another trade mission?

Mr. EMERY. I think from the standpoint of what we would like to do, we think they are worthy, we think they are important, we think they should be done. But we are going to take a look at our funding before we commit to that down the road.

Senator LAUTENBERG. I submit to you, Mr. Emery, it is not so much funding; it is result. Because if the funding—if the results are good, then the funding is not that important.

What we are concerned about, as you know, here with the budgetary constraints as we have them, is to make certain that the expenditures, that the effort, in fact that the mission, is an appropriate one. And you are in the process of proving that these missions are appropriate, and we have to have something that satisfies us. And we would like to have that for the record.

REHABILITATION OF EISENHOWER AND SNELL LOCKS

The Army Corps originally estimated that $39 million was necessary to rehabilitate the Eisenhower and Snell locks. The Corporation contracted with an engineering firm to also estimate the rehabilitation costs. That estimate, the committee understands, was considerably less than the corps' estimate.

Mr. EMERY. Yes, sir.

Senator LAUTENBERG. You are familiar with that. Why do you think that was?

Mr. EMERY. We asked the corps, in fact, we paid the corps to give us that. I call it, quick and dirty estimate, because Congress was looking for a figure, to be very frank with you, in the House to put into H.R. 6. And they estimated very, very quickly, and their analysis of what they anticipated the problems were from previous studies that had been made, that was about $39 million.

We contracted with Gannett-Fleming out of Pennsylvania. They spent most of last summer there indepth reviewing, taking the tests; and their estimate, based upon their decision to do it a little bit differently than the corps anticipated, is substantially less. But they indicate that this will satisfy our needs structurally and return the locks to a very structurally sound condition.

So I do not think it is a reflection on the corps. It was just a very quick thing that we asked them for a study and then we went in depth with an engineering study.

Senator LAUTENBERG. What was the difference in the two estimates?

Mr. EMERY. Well, the corps was $39 million and Gannett-Fleming is between $12 and $13 million for the work to be completed.

There was some concern in previous years that there was water pressure building up on the back side of the walls, and when they did the test wells they did not find as much water pressure, as I understand, as they had originally anticipated. And therefore the structural repairs do not have to be that great.

Senator LAUTENBERG. Which of the two estimates do you feel is the more reliable?

Mr. EMERY. Well, I think the Gannett-Fleming was, because they went into it in an indepth situation and had several engineers up there for many months this year. And I would think that their results and their plan to us is satisfactory.

Senator LAUTENBERG. It is an incredible difference for me. It says that we have got to look at some of the process that the corps uses in order to arrive at estimates that they give all the time. I mean, you are talking about a third of the original estimate.

Mr. EMERY. Well, I can back off that a little bit. I cannot totally come up. But approximately $7 million of the corps' $39 million was for administrative costs for themselves and their overhead costs of supervising the project.

I think they included $4 to $6 million for concrete repair, which we now have done, thanks again to the $2 million that you gave us last year. So that is behind us. It is going to take it down $11 million. It still is more.

But again, and I cannot answer for them, but we did ask them for a very quick turnaround time and kind of a ballpark figure.

Senator LAUTENBERG. We will ask them a question about that, too, Mr. Emery.

It has been reported, and I think you mentioned in your comments, that the Seafarers International Union, which represents approximately 2,300 workers on the Great Lakes and ocean coasts, is threatening to go on strike this spring. What is the status of those contract negotiations, and do you believe there is a possibility that the seaway might be shut down because of a strike?

Mr. EMERY. Well, the seaway will not be shut down. That is a union in Canada, only on the Canadian lakers. And the only thing that would be shut down would be the Canadian steamship lines themselves. Ocean-going ships, international trade, would continue to run.

Now, that significantly will affect us, because the Canadian lakers carry the bulk of the iron ore in and the grain out. So that will certainly reflect in our tonnage. We are monitoring the process very closely. At this time, I think most of it is words in the press.

There is no concrete decision whether to strike, although they are quite far apart. The Canadian owners want them to take a reduction in hourly wages and the union wants an increase. So there is quite a wide range of diversity there.

But right now we are starting out the season in a very strong fashion and we are going to be moving 17, 18 ships a day, which is far more than we have ever handled in the first 3 months. And I would hope

that if the business is there, that the two sides will get together and resolve it.

But it would be strictly the Canadian laker fleet that is affected.

Senator LAUTENBERG. So the Corporation is not directly involved in these negotiations?

Mr. EMERY. No; no Corporation, no Seaway Authority of Canada. It is strictly the laker fleet.

SEAWAY TOLLS

Senator LAUTENBERG. In place of reliance on tolls, the Water Resources Act placed an ad valorem charge on cargo. What effect do you think this program that went into effect yesterday will have, if any, on cargo transiting the seaway?

Mr. EMERY. Well, as Booz-Allen pointed out, cost effectiveness is why people choose a port range. We also had an advertising study just completed which said basically the same thing, that shippers look at the lowest port cost. So the rebate of the U.S. tolls is in effect a 15-percent reduction for a user of the seaway, because that is our share of the total tolls.

The Canadians raised the tolls on the Welland Canal 8 percent, which is a 4-percent systemwide. So we have got an 11-percent decrease. So hopefully that is going to be a little bit of benefit to us.

I would think that we can promote the fact that we have lowered our tolls on the seaway or lowered transportation costs by 11 percent. I think it is going to take into consideration to a shipper is all the other costs. Is labor going up, is pilotage going up, is cost of fuel going up?

The bottom line is, if we are still competitive they will use us; if we are not, they are going to go elsewhere. And I would say it would have some benefit to us by going into that new system.

Senator LAUTENBERG. It is hard to tell at this point, I take it, whether or not shippers are going to have a constant lower cost. Are you suggesting that there will be a lower cost?

Mr. EMERY. Well, by taking off the tolls—and tolls, however, were a very small portion of the total shipping cost. But an 11-percent reduction in the toll payment, taking into consideration the Canadians' increase, is still a lower cost of doing business. And today that is what shippers look for.

So I think it will help us.

TOLL INCREASES

Senator LAUTENBERG. The Canadian Authority is raising the tolls 8 percent this year and plan another 8-percent increase next year?

Mr. EMERY. That is on the Welland Canal alone, which translates to about a 4-percent systemwide increase each year.

Senator LAUTENBERG. OK. Last year it was a 15-percent toll increase there?

Mr. EMERY. Yes, sir.

Senator LAUTENBERG. Do not these almost annual increases result in dampening your ability to attract cargo?

Mr. EMERY. Well, any increases do. And we were successful in keeping all tolls frozen for a couple of years, but they have a mandate from their government to break even with their revenues. So that they are forced to do it.

Now, one of the positive sides of this year's activities on the Canadian side was that the Canadian Government has dedicated $175 million to bring the Welland Canal up to standards, and they are not asking them to recover that money from the toll structure.

So hopefully, when that money gets spent that will stabilize the need for maintenance programs in the Welland and that might be able to stabilize the tolls. But I do not look forward to any reduction in their toll increases, and that is why we like to have it in place 2 years, so that we know, not only this year but next year and through 1988, what their toll structure will be. There is no increase in the Montreal-Lake Ontario section on either side through 1988.

TOLL REBATES

Senator LAUTENBERG. As of April 1, the United States was to begin rebating the U.S share of St. Lawrence Seaway tolls to users. One of the difficulties with the rebating requirements was that the Corporation had to certify to Treasury within 30 days who paid the tolls.

It is the committee understanding that the seaway often does not know who actually pays the tolls, only who paid the seaway. Is that correct?

Mr. EMERY. That is correct, sir.

Senator LAUTENBERG. So then how do we get that done? Is it a task that you are going to be able to——

Mr. EMERY. Well, we have had a couple of meetings with the Treasury Department and Customs, and the rules have not yet been published, to my knowledge, in the Federal Register. But what they will be coming out with and what has been agreed upon is that we will certify who we collected the tools from and they will rebate to that person or persons.

And it is going to be up to the original payer to argue with the person. Otherwise, some ships will have as many as 200, 300 payers of tolls with their cargo on there. So we just have no idea who they are.

SEAWAY SELF-FINANCING

Senator LAUTENBERG. It is the committee's understanding that on March 12 the administration submitted legislation which would return the seaway to a self-financing status, one that takes it off the dependency on appropriations from the harbor maintenance trust fund. What is the status of that proposal?

Mr. EMERY. That bill is now in our authorizing committees in both the House and the Senate. It has been transmitted by the administration, by Secretary Dole, with the concurrence of the Office of Management and Budget. It has been sent to the respective heads of the two Houses, and it is now in the authorizing committees.

No action has yet been taken. We are trying to get, if we can, the appropriation process out of the way.

Senator LAUTENBERG. Do you believe that this legislation will be enacted before the start of the next fiscal year? We are looking at October.

Mr. EMERY. I would hope so. I have had some preliminary conversations with some Members of the House, not on the Senate side—the support for our position across the board universally—the trade, the ports, the unions, are all supportive of it. I can find no one who is opposed.

And I would hope that it can be done rather speedily. There are other important matters, I know, here on the Hill, so that we will take our position. But I hope that it will be passed.

Senator LAUTENBERG. Each advocate has to do their own work, as you know. And I am just curious as to whether or not any hearings have been scheduled yet.

Mr. EMERY. Not as yet. It just arrived here a few weeks ago, as you mentioned.

Senator LAUTENBERG. My advice, which you apparently do not need, is to keep pushing, because otherwise it will not happen. And it seems to me, anyway, that that decision was not a very good one, looking at it from this vantage point. But you get all the information out, have the hearings and so forth, and maybe you can get that.

Mr. EMERY. Well, as a person who has run a business, as you have done, you know what the bottom line means. And I appreciate your comment.

Senator LAUTENBERG. I am in charge here, if there is a question about if anybody is in charge. [Laughter.]

INSURANCE FOR SHUTDOWNS

There have been two incidents in the past 2 years on the Canadian side of the seaway that have shut down the seaway. The committee has been requested, a supplemental appropriation has been requested, to pay for a slide that impeded the Panama Canal operation. If such events occur on the U.S side of the seaway, do you have insurance that would pay for a fix-up there?

Mr. EMERY. No, sir; we do not. We have only insurance for the normal hazards of fire, flood. We have no insurance for the system.

Senator LAUTENBERG. Why not?

Mr. EMERY. It is extremely costly. Our revenues I do not think could sustain costs of that magnitude. The Canadian side and the two incidents, one, to fix the Welland Canal was about $6 million; the one to fix the Valley Field Bridge was about $3 million.

We have about $9 million in reserves, and that is why the reserves are there, to help us meet emergency situations. And hopefully, we will not have to deplete those reserves. And that is another problem with the new funding, is if we deplete the reserves and do not have an emergency fund for repair, we do not even have authorization to repair if something were to happen.

So that causes other problems.

Senator LAUTENBERG. In the insurance evaluation—obviously you have been through it—it seems like an option that ought to be at least seriously considered, because otherwise the insurance really rests directly and indirectly on our government.

Mr. EMERY. We had—after we researched the costs of what we called, I guess you would call it, business interruption insurance—the Canadian Government, forgetting the repairs to their system of $5 million and $3 million, their lawsuits are totaling some $200 million. And we went out to look at that insurance and found that it was almost prohibitive.

And we then corresponded with the Justice Department, and we were told that the U.S. Government would stand behind it and we should not get insurance. So we have that on record. We will be very happy to go back again and look at it, but the costs were very prohibitive for us to entertain that type of insurance.

Senator LAUTENBERG. Well, again, you have people who are looking at these things. Perhaps some kind of a catastrophic plan over a certain umbrella that is paid for by the Authority. I mean, if you say it could cause a $200 million lawsuit, though I do not know what the validity of that suit may be. But to have us subjected to that kind of a penalty if something goes awry would be terrible.

SUBMITTED QUESTIONS

We have some other questions I would like to put to you in writing. We would ask for a quick response. Senator D'Amato could not join us. But he has a few questions that he will submit for the record. And I assume, since you have had contact with Senator D'Amato in the past, that you will be diligent, and also because he is a Senator from New York and has a vital interest in the seaway.

So we thank you for being with us, and at this point you are free to go.

Mr. EMERY. Thank you for your courtesy. It is appreciated.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

PROMOTIONAL EXPENSES

Question. What did the Corporation spend for promotional activities in Fiscal Year 1986 and in what areas did the Corporation spend funds? (and estimated for Fiscal Year 1987)

Answer. A breakdown of actual 1986 and estimated 1987 spending for promotional activities follows:

Promotional Activities	1986	1987
Total	$223,645	$195,000
Brochures, video services, publications, design development, printing	9,494	15,000
PIERS	49,187	35,000
Meeting registrations and space rentals	1,570	5,000
Nightcast	5,000	5,000
Seminars/Workshops	6,736	10,000
Trade Mission	73,533	50,000
Advertising study	12,000	--
Seaway Review	48,237	50,000
Miscellaneous	17,888	25,000

Question. What is the Corporation budgeting for Fiscal Year 1988 for promotional activities in what areas?

Answer.

Promotional Activities 1988	
Total	$234,000
Mass mailings	10,000
PIERS	35,000
Meeting registrations and space rentals	6,000
Nightcast	5,000
Port, industry, target commodity group meetings, seminars	28,000
Trade Mission	50,000
Overseas delegation reverse missions	30,000
Seaway Review	50,000
Contingency, Misc.	20,000

RECEPTIONS AND REPRESENTATION

Question. What did the Corporation spend for receptions and representation in Fiscal Year 1986 and estimated for 1987 by activity?

Answer. The Corporation expended for reception and representation in FY 1986 $334 as follows:

$121 for tolls discussions with Great Lakes interests;
$124 for meetings with the Canadian Seaway Authority on tolls; and,
$89 for public information meetings with Great Lakes news media.

In FY 1987 reception and representation costs will be for similar meetings and kept within our $3,000 R and R limit.

Question. What is budgeted for Fiscal Year 1988 for these activities.

Answer. For FY 1988 we have budgeted $3,000, which is the limitation for our reception and representation funds.

TRADE MISSION

Question. What baseline data can the Corporation provide regarding the Trade Mission cities visited that shows either increased (or decreased) movements through the Seaway to these cities?

Answer. Because individual mission participants, particularly the ports and carrier community, are in competition among themselves for cargo, they understandably consider their respective trade mission contacts and successful ventures as closely guarded proprietary information.

This constrains a detailed report on the efficacy of the trade missions. However, a post mission survey of 1987 participants revealed the following:

- The port of Ogdensburg, N.Y. was able to secure a heavy machinery shipment through their port, from Antwerp, to Syracuse, N.Y.

- Port of Toledo contacts in Oslo resulted in new movements of zinc, urea and nitrate products.

- The port of Duluth obtained an outbound load of grain for a shipowner in Copenhagen who otherwise had no outbound cargo.

- Burns Harbor, Indiana reported resolution of a Dusseldorf customer's port handling concerns.

- Newly appointed port directors for Cleveland, Ohio and Milwaukee were able to establish initial one-on-one contacts with regular and potential Seaway users.

Question. Provide that data to the Committee for both the first and second Trade Missions cities visited.

Answer. The 1985 mission to Western Europe was a program first and a learning experience for the Seaway entities as well as the participants.

A major concern of overseas contacts was the 1984 late season operational problem caused by a malfunctioning lift bridge at Valleyfield, Quebec. Our ability to forestall over-reaction to the incident by addressing it head-on was instrumental in allaying shippers fears about the physical dependability of the Seaway and thus averting a major loss in traffic.

We learned from overseas contacts that tolls are not an obstacle to their Seaway utilization. Reliability of system operations, the ability to generate two way traffic, and the need for more information on the Seaway and port capabilities were rated as most important to them.

In general the reaction of overseas contacts was ..."we hear from your competition (Atlantic and Gulf Coast ports) all the time; where have you been?, and will you be back?" This reaction underscored the importance of the trade mission in terms of raising the Seaway's profile and educating potential users about it.

The second trade mission in 1986 to Mediterranean shipping nations resulted in restoration of previously cancelled Seaway shipping operations by the Yugoslav national shipping line.

Concerns were expressed about EEC policies affecting grain movements for Spain and Portugal, and considerable interest in coal exports was voiced particularly in Italian sites visited.

Again, the major reaction overseas was that the mission offered the European shipping community a face-to-face opportunity to talk with the Lakes maritime industry.

The trade mission contributed greatly to the "market intelligence" of the Seaway port and shipping community.

Question. For the record provide the Committee a breakdown of the costs associated with the three trade missions conducted to date.

Answer.

Trade Mission Costs

	1987 Preliminary	1986 Actual	1985 Actual
Reimbursement to U.S. Dept. of Commerce Brochures	$60,000	$35,218	$29,668
	15,797	4,145	15,297
Air charter	---	---	3,638
Seaway Forum Handbook	---	---	9,450
Shipping/mail costs	2,366	756	3,714
Travel costs	18,378	6,917	11,309
Rooms, lodging and meetings	21,687	17,918	21,939
Airfares	30,240	36,716	17,717
Miscellaneous	7,360	5,140	5,122
Cost reimbursements from participants	(50,500)	(52,352)	(42,000)
Subtotal	105,328	54,458	75,853
SLSA Expenses	**	0	4,700
Total	---	54,458	80,553
SLSDC Share	---	54,458	40,277

**Saint Lawrence Seaway Authority of Canada expenses have not yet been provided to the Corporation.

Question. Include the names of the Seaway personnel that made the trips, the amount of travel and other costs associated for each person.

Answer.

Saint Lawrence Seaway Development Corporation
Personnel Travel and Associated Costs for Trade Missions

1987

J. L. Emery	$2,945
R. J. Lewis	2,918
A. Blackman (in advance of mission)	4,385
P. Maroun	3,185
H. Brohl	3,215

1986

J. L. Emery	3,218
R. J. Lewis	3,260
A. Blackman (in advance of mission)	3,426
P. Maroun	3,287
D. Laveck	3,240
H. Brohl	3,275

1985

J. L. Emery	2,640
E. Cocci	2,822
R. J. Lewis	2,779
A. Blackman (in advance of mission)	2,873
D. Boone	2,598

Costs include airfare, subsistence and local travel.

Question. For the record provide the Committee a breakdown of the costs associated with the three trade missions conducted to date for all those persons not directly employed by the Corporation but for whom the Corporation paid for some or all of their expenses associated with the trip.

Answer. The 1985 trade mission was jointly sponsored by the Corporation and the Canadian Seaway Authority. United States and Canadian participants not employed by the Corporation or the Authority reimbursed their respective national entities $3,000 per person. Participant reimbursements totalled $42,000. The Corporation's cost was $40,277.

The 1986 mission was sponsored by the Corporation. Both United States and Canadian participants reimbursed the Corporation $3,600 per person. Participant reimbursements totalled $52,352. The Corporation cost was $54,458.

The 1987 mission was jointly sponsored and each participant reimbursed their respective national entity $3,500. Total participant reimbursement equalled $50,500. The Corporation's costs were approximately $50,000.

Participant reimbursement is applied to travel, lodging and program costs.

1985 U.S. Mission Participants: James H. Kellow, Executive Director, Detroit/Wayne County Port Authority; S. L. Hamilton, Executive Director, Port of Oswego Authority; J. G. Rosenthal,

General Manager, Erie-Western Penn. Port Authority; Rear Admiral Roy F. Hoffmann, Municipal Port Director, Port of Milwaukee; Robert Weiner, Chairman, Ashtabula Port Authority; Tom Burke, Executive Director, Cleveland-Cuyahoga County Port Authority; Gary L. Failor, Seaport Director, Toled-Lucas County Port Authority; Alan Johnson, Director International Marketing, Seaway Port Authority of Duluth; James H. Hartung, Port Director, Burns International Harbor; Noel C. Painchaud, General Manager, Seaport Division, Niagara Frontier Transportation Authority; R. H. Van Derzee, Deputy General Manager, Director of Maritime Affairs, Chicago Regional Port District; Warren Jackman, President, Westlake Harbor Terminal; John D. Baker, President, Great Lakes District International Longshoremen's Association; Bob Gierszal, Codan Corporation, Erie, Pennsylvania; Kevin Commins, Maritime Reporter, Journal of Commerce.

1985 Canadian Participants: William A. O'Neil (Mission Leader), President, Ernest J. Rossi, Vice President , Eastern Region; J. Bruce Mcleod, Director of Corporate Planning, St. Lawrence Seaway Authority; Preston R. Cook, Port Manager, Thunder Bay, Ontario; Kenneth L. Closs, Traffic Manager, Toronto Harbour Commission; Douglas Milton, President, Valleyfield Dock and Terminal; Raymond W. Johnston, Marketing and Planning, Canada Steamship Lines, Inc.; William E. Gard, Marketing Manager, FEDNAV Limited; Glenn Lewis, Executive Vice-President, International Marketing Division, Misener Shipping Limited; Paul Corcoran, Director of Business Development, Upper Lakes Shipping International, Inc.; Norman E. Mealing, Executive Director, Strategic Policy Model Offices, Ministry of Transportation and Communications, Province of Ontario; Guy Berthiaume, Quebec Government Representatives, St. Lawrence Task Force.

1986 Trade Mission Participants: James H. Hartung, Port Director, Burns International Harbor; Alexander E. Thost, European Office Representative; Rod Jones, Director, Marketing & Planning, Canada Steamship Line; C. Thomas Burke, Port Director, Cleveland-Cuyahoga County Port Authority; Raf Hirtz, Director, Great Lakes Division, Louis Dreyfus Corporation; Dave Helberg, Executive Director, Seaway Port Authority of Duluth; Joe Rosenthal, General Manager, Erie-Western Pennsylvania Port Authority; Richard Van Derzee, Director of Maritime Affairs, Illinois International Port; John Baker, President, Great Lakes District, International Longshoremen's Association; Warren Jackman, President, Westlake Harbor Terminal; Edwin Ross, Senior Member, Minnesota Wheat Council; Robert F. Rung, Director of Revenue Development, Niagara Frontier Transportation Authority; Gary L. Failor, Seaport Director, Toledo-Lucas County Port Authority; William Gard, Vice President, Marketing, FEDNAV Limited; A. W. Thies, European Office Representative, Hamburg; Guy Berthiaume, President, General Director, Port of Valleyfield; Doug Milton, President, Valleyfield Dock & Terminal Co., Ltd., Port of Valleyfield.

1987 U.S. Trade Mission Participants: James H. Hartung, Port Director, Burns International Harbor; Admiral Anthony F. Fugaro, Executive Director, Cleveland-Cuyahoga County Port Authority; James H. Kellow, Executive Director, Detroit-Wayne County Port Authority; Bill Cortes, Director of Public Relations, Seaway Port Authority of Duluth; Joseph G. Rosenthal, General Manager, Erie-Western Pennsylvania Port Authority; Richard H. Van Derzee, Director of Maritime Affairs, Illinois International Port of Chicago; Warren A. Jackman, President, Port of Kenosha/Westlake Harbor Terminals; Kenneth J. Szallai, Municipal Port Director, Port of Milwaukee; Danny L. Duprey, Director of Finance, Ogdensburg Bridge & Port Authority; Gary L. Failor, General Manager & Seaport Director, Toledo-Lucas County Port Authority; Herman V. Ruter, Vice President, Project Development, Ceres Terminals; Rod J. Scott, Vice President, Development/Sales, Nicholson Terminal and Dock Company; Raf Hirtz, Manager, Great Lakes/St. Lawrence Division, Louis Dreyfus Corporation; John D. Baker, President, Great Lakes District, International Longshoremen's Association; Hank Harvey, Reporter, Toledo Blade; Lt. Governor George Ryan, State of Illinois.

1987 Canadian Trade Mission Participants: Pierre Clouatre, Director, Becancour Waterfront Industrial Park; Roger M. Jones, Director of Marketing, Canada Steamship Lines; William E. Gard, Marketing Manager, FEDNAV Limited; Robert R. Hennessey, Port Director, Hamilton Harbour Commissioners; Max Seeger, General Manager, Lorne Park Navigation Limited; David K. Gardiner, President, Misener Shipping Limited, Donald Hall, Director of Marketing, Misener Shipping Limited; Brian McKeown, Vice President, Morterm Limited; Donna Taylor, C.E.O and Port Manager, Oshawa Harbour Commission; Frank Vannelli, Director of Marketing; Port of Montreal; Norman E. Mealing, Executive Director, Provincial Transportation Division, Ministry of Transportation and Communications, Province of Ontario; Hughes Morrissette, Associate General Secretary, St. Lawrence Seaway Development Secretariat, Executive Council Department, Province of Quebec; Ross Kennedy, Executive Vice President, Robert Reford, Inc.; P. R. Cook, Traffic Manager, Thunder Bay Harbour Commissioners; Ken L. Closs, Traffic Manager, Toronto Harbour Commissioners; J. Douglas Milton, President, Valleyfield Dock and Terminal Co., Ltd.; David S. H. Cree, General Manager, Windsor Harbour Commission; William A. O'Neil, President, Ernest J. Rossi, Vice President, Eastern Region, Andre A. Landry, Trade Mission Coordinator, Glenn W. Lewis, Consultant, John Grimshaw, Consultant, The St. Lawrence Seaway Authority.

RETAINED EARNINGS

Question. What is the balance remaining in retained earnings as of December 31, 1986?

Answer. The balance is $10.2 million.

Question. Are there any restrictions on the use of these funds for operating or capital purposes under the Water Resources Development Act of 1986?

Answer. The Water Resources Development Act of 1986 imposes no restrictions on the use of these funds.

Question. How does the retained earnings balance as of December 31, 1986 compare to the previous year's balance?

Answer. The previous end of year balance was $11.4 million.

Question. What were the draw downs on this fund in calendar year 1986? (List activity, description and amount of funds used.)

Answer. A draw down of $2.1 million was made in calendar year 1986 to finance needed concrete rehabilitation work at Eisenhower lock. The change in the end year balance between 1985 and 1986 is less than $2.1 million, reflecting retained earnings deposited in the fund during the 1986 shipping season.

REVENUES

Question. For the record provide the Committee an update of revenue estimate by commodity found on page 566 of Senate Hearing 99-721, Part 1.

Answer.

	FY 1986 actual	FY 1987 estimate	FY 1988 estimate
		(in millions)	
Grain	15.58	16.32	17.19
Iron ore	7.65	8.01	8.44
Coal	0.58	0.61	0.64
Other bulk	7.95	8.33	8.78
Government Aid	0.22	0.23	0.24
General	3.82	4.00	4.21
Total tons	35.8	37.5	39.5
Toll Revenue	$ 9.3	$ 9.8	$10.4
Total Revenue	$10.1	$10.6	$11.2

Question. What is the total amount of revenue expected to be collected on the ad valorem charge assessed cargo that transits the Seaway?

Answer. A December 1985 paper on this subject prepared by the Department of Transportation, using 1984 Seaway traffic, estimated ad valorem revenue at about $1.2 million.

Question. What is the ad valorem charge?

Answer. Four one hundredths of one percent of the value of commercial cargo, including imports and exports through U.S. ports.

Question. How and where is it collected?

Answer. The Department of the Treasury through U.S. Customs will plan and develop ad valorem fee implementation to be imposed at port sites. The Corporation has no involvement in the ad valorem program administration.

Question. Contrast the tolls collected then rebated under existing law versus the ad valorem tax (i.e. generally describe which results in lower net costs to a shipper).

Answer. Using averages for all commodities, the 1985 Department of Transportation paper cited earlier estimated the U.S. Seaway toll at about 24¢ per cargo ton versus the ad valorem fee at 6¢ per ton, for an average 18¢ reduction to the shipper using the Seaway.

TOLLS

Question. Update the chart provided to the Committee last year on calendar year tonnage and tolls found on page 568 of Senate Hearing 99-721, part 1.

Answer.

Calendar Year Tonnage
(millions of tons and dollars)

	ACTUAL				ESTIMATED	
	1983	1984	1985	1986	1987	1988
Grain	24.26	23.51	16.37	16.35	17.00	17.29
Coal	.35	.45	.61	.61	.60	.60
Iron ore	10.28	11.40	8.68	8.03	7.50	7.60
General	2.90	4.94	4.05	4.01	3.75	3.87
All Other	7.27	7.15	7.61	8.58	8.35	8.07
Total	45.06	47.45	37.32	37.58	37.20	37.43
Shipping tolls	$10.60	$11.97	$9.08	$9.19	$9.09	$9.16

COMMODITY MOVEMENTS

Question. Update the charts found on pages 569 and 570 of last year's hearing. Senate Hearing 99-721, Part 1 regarding cargo tons transitting the Seaway. (Only include calendar years 1975 through 1986.)

Answer. (The information follows:)

MONTREAL - LAKE ONTARIO SECTION
SELECTED COMMODITIES
(Cargo Tons)
1975 - 1986

Table 6

	Selected Agriculture Commodities				
YEAR	WHEAT	BARLEY	CORN	SOYBEANS	RYE, OATS & FLAXSEED
1975	11,262,229	2,231,873	2,907,968	1,157,397	766,651
1976	8,516,586	2,958,210	4,103,095	1,098,869	864,201
1977	11,488,091	2,857,198	3,840,894	1,378,539	822,402
1978	14,050,681	2,533,010	6,454,239	2,201,723	577,779
1979	10,015,187	3,198,940	7,088,033	1,456,072	662,855
1980	13,743,536	2,075,165	6,518,482	1,295,041	1,054,730
1981	11,922,095	2,949,190	5,075,126	1,542,048	836,476
1982	13,881,092	3,204,032	3,752,675	1,047,779	682,713
1983	15,609,328	3,706,243	2,767,967	300,790	626,191
1984	15,917,622	2,397,722	2,771,791	898,514	306,987
1985	11,502,016	686,598	2,508,872	736,590	375,643
1986	11,170,735	1,911,348	1,051,170	1,189,345	507,934

MONTREAL - LAKE ONTARIO SECTION
SELECTED COMMODITIES
(Cargo Tons)
1975 - 1986

Table 6 (con't.)

Selected Mine and Manufactured Commodities						
COAL & COKE	IRON ORE	STONE, SAND & GRAVEL	SALT	FUEL OIL	MANUFACTURED IRON & STEEL	% OF TOTAL
1,231,411	13,159,321	82,736	779,557	1,770,019	2,236,289	85.2
1,966,384	18,629,321	82,733	752,355	1,360,776	3,026,246	89.9
2,241,973	20,205,283	127,235	783,679	2,015,026	4,972,898	93.5
3,427,038	13,542,178	122,679	746,982	1,887,976	3,588,819	83.8
2,820,401	14,817,154	404,569	833,813	2,326,932	3,107,744	85.4
1,626,942	11,005,222	217,941	782,430	1,563,431	2,084,713	84.9
2,527,798	12,926,853	65,929	1,134,948	1,838,507	2,905,186	86.5
1,834,463	7,430,414	36,264	714,901	1,002,035	2,790,012	85.0
988,212	10,280,210	55,729	878,535	936,121	2,896,137	86.7
1,246,010	11,421,521	124,294	818,931	745,378	3,552,873	84.6
1,409,374	8,679,210	259,048	657,494	558,770	3,603,221	83.0
1,477,031	8,026,080	288,157	874,520	641,156	3,548,802	81.7

ANTI-DEFICIENCY RULING

Question. At last year's hearing, it was still undecided by the Department whether an anti-deficiency violation was committed by the Corporation in spending funds for receptions.

What was the Department's conclusion?

Answer. Because the question asks about the "Department's conclusion," the Corporation feels it is prudent to obtain input from the Department's General Counsel's Office in order to accurately reflect the Department's conclusion on this issue. The Corporation will provide an answer to the Committee once that input has been obtained.

TRADE AND TRAFFIC DEVELOPMENT OFFICES

Question. Break down the costs associated with the Trade and Traffic Development offices in Deerfield, Illinois and Toledo, Ohio; and the satellite offices in Detroit, Michigan; Cleveland, Ohio; and Buffalo, New York (By office list SLUC, communications, and personnel costs, for years 1985, 1986, 1987 and projected for 1988).

Answer.

Costs Associated with the Trade and Traffic Offices

		SLUC	Communi-cations	Personnel Costs	Other	Total
Deerfield, Illinois	1985	5,385	1,486	23,602	40,892	71,365
	1986	11,410	2,150	80,885	24,753	119,198
	1987	4,754	560	29,846	8,201	43,361
	1988					
Toledo, Ohio	1985	6,840	5,705	55,896	70,596	139,037
	1986	10,232	5,586	81,910	12,318	110,046
	1987	7,354	4,800	77,628	35,937	125,719
	1988	5,211	4,992	80,733	3,000	93,936
Buffalo, New York	1985					
	1986	8,118	2,859	13,102	207	24,286
	1987	2,368	502			2,870
	1988					

Detroit, Michigan	1985		
	1986	248	248
	1987	300	300
	1988		
Cleveland, Ohio	1985		
	1986		
	1987		
	1988		

The Deerfield, Illinois office was closed in February, 1987 and the Buffalo, New York satellite office was closed in January, 1987.

CAPE VINCENT FACILITY

Question. What was the total cost associated with the acquisition and renovation of Cape Vincent?

Answer. The total cost of renovating the Cape Vincent facility was $122,067. This expenditure was reasonable given the dilapidated state of the structure prior to the repair work. A 1986 General Services Administration survey of the facility concluded "Thanks to some renovations by the Corporation the general condition of the interior and exterior is fair to good."

Question. How has this facility been used the past year?

Answer. During the past year the facility has been used for a variety of purposes including vessel speed enforcement, vessel traffic control orientation, Seaway navigation operations, employee training and development seminars, and for meetings of the Corporation Advisory Board and the North Country Seaway Working Group.

The facility is an ideal command post should a disaster such as an oil/hazardous substance spill or vessel incident, grounding/collision occur in our Vessel Traffic Control Section (4) area. The base provides quarters for up to 12 persons with kitchen facilities, and all available shoreside communications which are necessary during emergency situations. Additionally VHF radio capability and adequate tower height on site provide back up communications for Seaway Sodus and Seaway Clayton should a natural disaster occur and render the primary stations inoperable. More than adequate dockage is available at the base which will readily allow deployment of inspection personnel, oil spill containment/clean-up equipment and is a primary staging area for any type of incident in that particular reach of the St. Lawrence River.

The importance of the Up-River Base was most recently realized on the afternoon of December 8, 1986 at approximately 1310 hours during poor visibility. The Polish flag vessel "Ziemia Olsztynsha", eastbound in the upper river, went hard aground in the vicinity of lighted buoy 238. This incident caused considerable damage to the vessel's forward peak tank and the vessel was taking on water. Although the vessel sustained considerable bottom damage (4 ft. hole, heavy indentations, numerous hairline cracks, and keel deflector damage), the primary and foremost concern of the Corporation and U.S. Coast Guard personnel was the evident potential, as stated in Coast Guard communications, of a major oil spill during refloating operations. Over the next four days considerable effort was expended in lightening the vessel by discharging cargo onto barges and extensive monitoring of the vessel's hull condition, particularly in the vicinity of the No. 4, 5, and 6 full fuel tanks. Had these tanks ruptured, with existing weather conditions, a major spill would have raised havoc not only in American territorial waters, but with Canadian waters alike.

Over the ensuing four days of this incident both American and Canadian inspectors utilized the Base as a command post for the passing of information to their respective agencies, and also for living quarters while away from the vessel. Oil containment equipment is routinely stored at the site and was readily available for deployment had a pollution crisis developed. This vessel incident terminated on the evening of December 12, 1986 with the vessel being refloated without further incident or consequences.

The availability of the Cape Vincent facility helped prevent a repeat of the tragedy of June, 1976 when 150,000 gallons of Bunker C fuel oil spilled in the American Narrows causing $9 million to be expended in clean up costs for the river and adjacent environment.

When not in official use by the Corporation, Cape Vincent was available to Seaway employees and their families on a reimbursable basis.

Cape Vincent Overnight Business Usage 1986

DATES	PURPOSE
03/24, 03/25	Annual orientation, vessel traffic control
04/17, 04/24, 05/08, 05/16, 06/05, 06/18, 07/08, 07/17, 07/24, 08/14, 08/26, 09/08, 10/08, 10/15, 11/05, 11/14	Vessel Surveillance

05/20, 05/21, 05/22, 06/24	Electrical maintenance of 06/23, Corporation facilities
06/26, 07/03, 07/10, 07/17, 07/24, 08/07, 08/14, 08/28	Employee information seminars (overnight accommodations for Washington and Great Lakes Employees)
10/30, 10/31	Supervisors labor management training course
11/15	Marine Division crew assisting on salvage of barges

CAPE VINCENT NON-OVERNIGHT BUSINESS USAGE 1986

06/25, 10/24	North Country Working Group
06/26, 07/03, 07/10, 07/17, 07/24, 08/07, 08/14, 08/28	Employee informational seminars (Massena employees only)
12/08 to 12/12	During Polish vessel incident American and Canadian inspectors utilized the Base as a command post for the passing of information.

Question. How often was this facility used for "recreational purposes" by employees of the Corporation?

Answer. The facility was used by Seaway employees and their families a total of 47 days in 1986.

When not in official use, the facility is available to employees on a sign-up basis regardless of rank or position in the Corporation.

Question. Provide the Committee an estimate of the annual cost savings associated with the procurement of the Cape Vincent facility?

Answer. The Corporation estimated annual savings of $6,747 in official use of the facility during calendar year 1986.

In addition, employee reimbursement was approximately $1,000.

OUTSIDE CONTRACTS

Question. For the record list the outside contracts entered into by the Corporation for the fiscal years 1985, 1986, 1987 and planned for 1988. (Include all contracts such as marketing surveys, engineering studies, capital plant construction or maintenance, promotional materials, etc.; List the contractor, brief description and amount of contract).

Answer. (The information follows:)

OUTSIDE CONTRACTS AND PROPOSED CONTRACTS FOR
FY '85, '86, '87 & '88

FY '85

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
84-C-C0954	Reliance Steel Prods. Co. McKeesport, PA	$ 40,484	Furnish & deliver 20 pcs. of steel bridge flooring.
84-C-CC977	Browne & Bryan Lumber Co. New York, NY	31,200	Furnish & deliver 200 white and/or red oak timbers.
84-C-C0979	Booz-Allen & Hamilton, Inc. Bethesda, Maryland	87,797	Investigation, study, analysis & current assessment of Seaway & alternative route transportation costs & specific identification of cost and/or service improvements necessary to make the Seaway route more competitive. Assessment of the Tennessee Tombigbee Waterway, opening 6/85, as it will impact on Mississippi Barge & SLS traffic.
85-C-C0001	Lockwood Support Services, Inc. Rochester, NY	21,494	Perform aerial photography of St. Lawrence River from Cape Vincent, NY to Montreal, Quebec.
85-C-C0003	ACEC Research & Management Foundation, Washington, D.C.	15,714.75	Operational management study of the Office of the Chief Engineer, SLSDC.
85-C-C0043	Thomsen Associates-Empire Soils Investigations, Inc. Groton, NY	NTE 30,000	Perform laboratory tests & provide geotechnical parameters of glacial till backfill material, at Eisenhower & Snell Locks.
85-C-C0046	Koehring Company Brookfield, WI	107,176	Furnish & deliver 1, 20-ton crane.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
85-C-C0068	RSI Roofing, Inc. Gouverneur, NY	$ 6,100	Remove existing roofing, lookout, antenna & chimney & install new roofing on a building having approximately 3,800 sq. ft. of roof at Cape Vincent, NY.
85-C-C0146	Ultramar Petroleum, Inc. Ogdensburg, NY	21,124	Furnish & deliver est. 40,000 gallons of DF-1 Diesel Fuel (60% fuel oil & 40% kerosene, winter mix) for Corporation's floating plant.
85-C-C0380	Koehring Co. Brookfield, WI	110,529	Furnish & deliver 1, 20-ton crane.
85-C-C0653	Bayou Machine Co. Hitchcock, TX	25,814	Furnish & deliver 52 pcs. of bushings, pins, shims and spindle rods.
85-C-C0824	Germanetti Construction Assoc., Inc. Massena, NY	78,021.84	Remove damaged concrete from the sections projecting downward from the channel side of the concrete bridge spans, installation of reinforcing steel & forming for and pouring new concrete at the upstream guidewall extension, at Eisenhower Lock.
85-C-C0850	The Management Institute	36,750	Perform all work to develop a budgetary planning & control system and a plan for computerizing SLSDC's accounting system.
		FY '86	
85-C-C1032	City Electric Co., Inc. Syracuse, NY	37,184	Furnish & deliver 8 heavy duty magnetic shoe brake units.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
85-C-C1081	Longyear Co. York, PA	$ 36,095	Furnish, deliver & provide training for use of a Diesel Power Hydraulic Power Unit with wall saw, core drill & options.
85-C-C1111	Atlas Painting & Sheeting Corp. Buffalo, NY	136,080	Sandblast, repair and paint the vertical lift gate at Eisenhower Lock, Massena, NY.
86-C-C0009	Engineering, Inc. Hampton, VA	62,238	Two-phase study/design for improvement of lockage operations and linehandling procedures at Eisenhower & Snell Locks, Massena, NY.
86-C-C0021	Econo Fuels Massena, NY	18,855	Furnish & deliver est. 40,000 gallons of DF-1 Diesel Fuel (60% fuel oil & 40% kerosene) for Corporation's floating plant.
86-C-C0058	Philadelphia Gear Corp. King of Prussia, PA	89,526	Furnish & deliver 1, Philadelphia Gear Reducer, Spiral Bevel Helical Unit & 2 spare cases for unit.
86-C-C0083	Germanetti Construction Associates, Inc. Massena, NY	2,104,295	Enclose & heat Eisenhower Lock & remove 20 inches of concrete from designated areas on the lock walls & from inside the culverts at Monoliths Nos. N65, N66, N67, S32, S33 & S34 & replace the removed concrete with steel reinforced concrete. Remove unsound concrete beyond the 20 inch depth & replace it with steel reinforced concrete.
86-C-C0155	William G. Moore & Son, of Delaware Staten Island, NY	72,845	Furnish & deliver 298 EKKI Timbers, 10 ft. lengths.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
86-C-C0211	Sear-Brown Associates, P.C. Rochester, NY	$ NTE 71,956	A/E to be responsible for assuring the quality of the work to be performed for the rehabilitation of the concrete on the lock walls & in the filling and emptying culverts at the downstream end of Eisenhower Lock, Massena, NY.
86-C-C0368	Gannett Fleming Geotechnical Engineering, Inc. Harrisburg, PA	432,730	Furnish & install piezometers, collect field data, perform field tests, provide detailed stability analyses, recommend a minimum of two remedial design alternatives with cost estimates & provide a detailed design, plans, specifications, cost estimate & schedule for the Corporation-selected remedial design, in sufficient detail for construction bidding.
86-C-C0444	C.T. Male Associates, P.C. Latham, NY	NTE 85,000	Design & prepare plans, specifications & cost estimates for a new Administration Bldg., & any necessary associated utility systems, at Eisenhower Lock, Massena, NY.
86-C-C0445	Cresap, McCormick & Paget Chicago, IL	12,000	Furnish a report to assist the Corporation in determining whether a marketing-advertising campaign could appreciably increase Seaway tonnage & if so, how such a campaign should be structured in terms of budget, message, target audience & channels of communication.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
86-C-C0466	Calocerinos & Spina Consulting Eng. Liverpool, NY	$156,858	Two-phase Contingency Plan for Eisenhower & Snell Locks, Massena, NY. Phase I - Contractor is to conduct an engineering survey of the two locks & to prepare a contingency plan for responding to various hypothetical major mishaps. Phase II - Contractor to perform emergency services, as needed, at the Corporation's request & is contingent upon satisfactory completion of Phase I.
86-C-C0570	Major Contracting Rome, NY	Lump Sum 18,400	Replace damaged tile & repair areas from which the tile has already been removed in the vehicle tunnel at Eisenhower Lock, Massena, NY.
86-C-C0677	Mohawk Valley Utility Construction Corp. Albany, NY	68,730	Remove & dispose of 2 PCB transformers & replace these transformers with dry type transformers located at Eisenhower & Snell Locks, near Massena, NY.
86-C-C0771	Great Northern Construction, Inc. Watertown, NY	NTE 37,292	Roof repair consisting of removal of existing ballast, gravel stop and built up roofing, replacing all damaged existing insulation & for installing a layer of new insulation, a single ply membrane & ballast on a roof having an area of approximately 6,400 sq. ft. located at SLSDC's Maintenance Facility, near Massena, NY.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
86-C-C0816	Ultramar Petroleum, Inc. Ogdensburg, NY	$ Est. 23,251.92	Furnish & deliver est. 40,000 gallons of DF-1 Diesel Fuel (60% fuel oil & 40% kerosene) for Corporation's floating plant.
86-C-C0831	Perras Excavating, Inc. Massena, NY	43,695	Remove damaged concrete from the sections projecting downward from the channel side of the concrete bridge spans & install reinforcing steel & forming for & pouring new concrete in these areas at the downstream guidewall extension at Snell Lock, near Massena, NY.
86-C-C0943	The Journal of Commerce New York, NY	32,037	Provide subscription furnishing on-line access to PIERS (Port Import/Export Reporting Service), computer data for 1986.
		FY '87	
86-C-C0660	Aluminum Co. of America Massena, NY	Est. 43,450	Provide all services & the use of the Contractor's 370/138 computer system & equipment for a 1-year period beginning Nov. 12, 1986 & terminating Nov. 11, 1987.
86-C-C0851	BRENTEC, Inc. O'Fallon, MO	196,712.91	Furnish and/or deliver all personnel, services, equipment (except Corporation-furnished property) & material necessary to install & test a new closed circuit television system for the operation of the Eisenhower & Snell Lock facilities & the two security areas at Maintenance & Snug Harbor.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
86-C-C0904	Acme Fishing Tool Co. Parkersburg, WV	$ 19,449	Furnish & deliver 8 bushings, 2 sleeve nuts, 2 gate end castings, 2 spring housings, 4 gate strut pins & 3 thrust washers.
86-C-C0913	Reliance Steel Products Co. Middletown, PA	32,240	Furnish & deliver 12 pcs. concrete-half filled steel bridge flooring.
86-C-C0927	The Great Lakes Towing Co. Cleveland, OH	37,000	Services to tow Corporation-owned Hopper Barges from Chicago, IL to Buffalo, NY.
86-C-C0991	Wilson's Heavy Equipment, Inc. Plattsburgh, NY	29,235	Furnish & deliver 1, 1987 John Deere wheeled loader/backhoe combination.
87-C-C0001	Tropical Marine Timbers, Ltd. Ottawa, Ontario, Canada	118,494.57 U.S. Funds	Furnish & deliver 467 EKKI timbers, 10 ft. lengths.
87-C-C0053	Barry, Bette & Led Duke, Inc. Watertown, NY	NTE 1,850,175	Remove deteriorated concrete & replace with steel reinforced concrete, core drill in specified areas, apply sealer to lock wall concrete & remove spoil concrete rubble & river bottom materials from lock chamber, Eisenhower Lock, Massena, NY.
87-C-C0064	Julian LaCourse Massena, NY	NTE 45,000	Perform straight conversion of SLSDC's computer programs from Alcoa's 370/138 Computer to SLSDC's System 36.

CONTRACT # DTSL55-	CONTRACTOR	AMOUNT	DESCRIPTION
87-C-C0086	Joseph E. Moore Waddington, NY	$ 18,900	Perform security & speed surveillance services for SLSDC.
87-C-C0123	Atlantic Testing Laboratories, Ltd. Canton, NY	NTE 115,000	Perform construction management & materials engineering services for concrete rehabilitation at Eisenhower Lock, Massena, NY.
87-C-C0207	Shelly Electric, Inc. Potsdam, NY	25,588.60	Furnish & deliver miscellaneous electrical materials/equipment.

PROPOSED CONTRACTS FOR BALANCE OF FY '87

Fendering improvement at downstream guidewall, Snell Lock.
Massena, St. Lawrence County, NY. Estimated Cost - $150,000.

Relocation of electrical cables, along guidewall, Eisenhower Lock.
Massena, St. Lawrence County, NY. Estimated Cost - $200,000.

Resurface South Parking Lot, at Eisenhower Lock.
Massena, St. Lawrence County, NY. Estimated Cost - $150,000.

Construction of new Administration Building at Eisenhower Lock. (Note: This is dependent upon sale of Administration Building, located on Andrews Street)
Massena, St. Lawrence County, NY. Estimated Cost - $900,000.

PROPOSED CONTRACTS FOR FY '88

Construction of rear range light at Chimney Island.
Ogdensburg, St. Lawrence County, NY. Estimated Cost - $80,000.

Relocation of electrical cables along guidewall, at Snell Lock.
Massena, St. Lawrence County, NY. Estimated Cost - $185,000.

Paving of service roads.
Massena, St. Lawrence County, NY. Estimated Cost - $70,000.

Rebuild storage docking facilities at Grasse River.
Massena, St. Lawrence County, NY. Estimated Cost - $320,000.

THIRD TRADE MISSION

Question. What cities do you plan to visit and why?

Answer. Site selection is based upon an analysis of trade patterns, input from Great Lakes port directors and Seaway users, and conferral with the Seaway Authority of Canada.

Our 1988 Mission will most likely again be to Europe because it is the predominant market for Seaway trade. It is also probable that the Mission will include follow-up calls to cities we have visited in the past as well as exploration of new markets. It should include at least two stops. We are now beginning the site selection process using the criteria listed above.

Question. Mr. Emery, do you see an overseas trade mission as an annual effort of the Corporation?

Answer. Yes, I do. The trade mission concept initially was recommended to us by the Port Listen-In program in 1984 and has been one of our most successful promotional efforts. It is the centerpiece of our international marketing push.

The Corporation's role provides a well-organized, cost-efficient program which participants would not be able to fund or organize on their own.

With the cooperation and resources of the Department of Commerce to support our efforts overseas, the missions are a productive activity which can only benefit the Seaway System in the long run.

Participants have found the missions to be extremely worthwhile. They're a long range investment in the Seaway's future, and, in my opinion, should have been started long ago.

Question. If so, do you foresee these trips to the areas identified as having the greatest potential for development (Western Europe and the Mediterranean) or as to other areas like Northern Europe (Denmark and Norway)?

Answer. Europe is the Seaway's predominant market due to geographic proximity and large trade flows with the United States.

In terms of market segments, the distinction might be made that our efforts toward Western Europe are geared toward increasing business with existing trading partners. Roughly 40 percent of all Seaway overseas trade occurs with Western Europe.

By contrast, our efforts toward the Mediterranean and Northern Europe are geared more toward developing new trading

relationships. For example, our analysis of trade data from the Port Import Export Reporting Service (PIERS) indicates that less than five percent of trade between Great Lakes states and Norway flows via the Seaway. Our goal is to increase the Seaway's market share.

In terms of volume increases from a large base, Western Europe has the greatest potential. In terms of percentage increases from a smaller base, Northern Europe and the Mediterranean have the greatest potential.

The following are examples of the specific benefits to be derived from the trade missions.

As a result of the 1986 trade mission visit to Split, Yugoslavia, and aggressive follow-up, Great Lakes-Yugoslav Line renewed service into the Lakes in 1986 after discontinuing this service in 1982. The contacts made in Yugoslavia allowed us to continue working with the North American Line manager to match up cargoes for the first ship and assist in finding an agent for the number of ships now expected in for the 1987 season.

Additional cargoes have already been found for the 1987 season as a result of the most recent mission to Europe. For example, the Port of Duluth was able to assist in finding an outbound load of grain for a ship owner in Copenhagen who had inbound cargo but would have otherwise gone out empty. That ship will most likely be the first saltie to Duluth this season. The Port of Toledo was able to make personal contact in Oslo with two companies who have now committed to moving 7,000 tons of zinc and 150,000 tons of urea and nitrate into the port this spring.

Furthermore, there is the great possibility of potential cargo for the Port of Ogdensburg, New York. While in Antwerp, the port director was approached by a representative of a major manufacturer of heavy machinery wanting assistance in acquiring licenses to move some equipment through New York State to Syracuse. Ogdensburg arranged for the licenses immediately upon returning to the State and is now negotiating the movement through that port. I might add that we may supply our heavy-lift crane, on a cost-reimbursable basis, to assist with that movement.

ST. LAWRENCE SEAWAY FINANCING

Question. What is the status of your efforts to return the Seaway to a self-financing status?

Answer. On March 12, 1987, Transportation Secretary Elizabeth Hanford Dole transmitted to Congress legislation to return the Seaway to self-financing status. The legislation is with the Corporation's authorizing committees. After they review it, we expect it will be introduced.

Question. Mr. Emery, do you believe that the recently passed Water Resources Development Act acts as a disincentive to the Corporation for living within the tolls and/or other revenues it generates?

Answer. Self-financing through toll revenue forced the Corporation to control costs in order to remain within the revenue stream. It also provided the Corporation with a market incentive to engage in trade and traffic development activities in order to generate needed revenue through increased shipping.

Now that the Corporation is dependent on appropriations from the Harbor Maintenance Trust Fund the possibility exists that funding will be greater or less than what would have been generated by Seaway tolls.

The Corporation will continue to strive to control costs while at the same time requesting necessary funding to provide the appropriate level of service to Seaway users, but it would be true for any government entity that becoming appropriation-dependent provides less incentive to cost-control than the rigid fiscal discipline imposed by self-financing.

Question. What happens to the Corporation's promotional activities under the new legislation?

Answer. The Corporation's trade and traffic development and related promotional activities are not specifically addressed by the new legislation. Consequently, it is my understanding that they remain in force. While the increased revenues generated by these activities no longer benefit the Seaway system, the benefit of these activities remain significant to the economy of the Great Lakes.

Question. Are they authorized activities?

Answer. Yes. The Corporation's Enabling Act, P.L. 358, as amended, authorizes it to operate and maintain the U.S. portion of the St. Lawrence Seaway and to fund the cost of such from toll revenues. Under this authority and clearly consistent therewith, the Corporation has historically been authorized to promote the use of the Seaway. The amendments to the Corporation's Enabling Act by the Water Resources Development Act require, as of April 1, 1987, that toll revenues be transferred to the Trust Fund and authorize the Corporation to receive appropriations from the Trust Fund to be used to fund its operations and maintenance programs. The effect of these amendments was to alter the Corporation's source of funding but not to alter the Corporation's corporate powers. Therefore, any activities that were authorized prior to the Water Resources Development Act continue to be authorized.

It is interesting to note in a historical context that a 1961 study of the Seaway conducted by the Commerce Department in the Kennedy Administration faulted the Corporation for not doing enough in terms of promotion and made specific promotional recommendations, many of which we have implemented over the past three years.

SEAWAY INSURANCE

Question. If an accident occurred on the U.S. portion of the Seaway what options does the Corporation have available to pay for the fix-up?

Answer. If an accident, such as the hill slide at the Panama Canal or the wall collapse at the Welland, occurred in the U.S. section of the Seaway, the Corporation would have two options to finance fix-ups.

The first option is the Corporation's retained earnings which are held in reserve. Because time would be of the essence, it is certainly advantageous to have access to this fund at our ready disposal. We are therefore concerned that the reserve is being drawn down for operation and maintenance costs after April 1, 1987 and until our request for a supplemental appropriation is acted on.

The second and less preferable option would be to seek an emergency appropriation from Congress if the scope of the repairs is beyond resources in reserve.

With regard to possible liability for economic losses incurred by shippers during a Seaway shutdown, the U.S. Justice Department has concurred with the opinion of Corporation Counsel that the Corporation is not liable for such losses. The only possible liability would be in a case where a vessel is physically damaged through Corporation negligence.

Also relevant to your question, as a part of our infrastructure program, the Corporation has commissioned development of a contingency plan for the effective and timely correction of possible Seaway mishaps. We will have the plan in hand this season.

TRAFFIC PROJECTIONS

Question. Mr. Emery, do you see any particular trends positive or negative with either the commodities imported or exported that transit the Seaway.

Answer. The Seaway's largest commodity, export grain, has been negatively impacted in recent years by the higher value of the dollar by the Soviet Grain Embargo and increased world production. However, despite the fact that overall national grain exports fell 15 percent last year, the Seaway's market share of those grain exports grew 4 percent.

Demand for iron ore, the second largest Seaway commodity, which is consumed by U.S. and Canadian steel and auto industries, has also been soft in recent years. Demand will rise and fall based upon the vitality of those industries.

The most positive trend has been in the "other bulk" category, which increased 13 percent last year, triple the rate of increase over the previous three years. We are targeting greater development attention on this category and expect the uptrend to continue.

We are very encouraged that ocean vessel transits rose 11 percent last year, reflecting the worldwide shipping community's positive response to our trade and traffic development and infrastructure improvement programs.

Finally, we anticipate continued growth in military, roll-on roll-off and heavy lift cargo.

Question. With what commodities and in what markets does the Seaway's future lie?

Answer. The Seaway's future primarily lies in export grain, iron ore, iron and steel, coal and other bulk cargoes such as pulp and paper products, chemicals, stone, salt, scrap and mined commodities.

To a lesser extent as a proportion of total cargo, the future lies in military cargo, roll-on roll-off and heavy lift project shipments.

The Seaway would increase its competitiveness for container cargo if feeder service could be developed between the Great Lakes ports and Montreal or Halifax. This option is under consideration by the industry.

Europe will continue to be the major market in addition to trade with North Africa, South America and the Far East. A considerable amount of trade, especially in terms of iron ore imports, will continue to occur with Canada.

Question. Are these different from the Seaway's historical commodities and markets?

Answer: The significant difference is in the military, roll-on roll-off and heavy lift categories, which are relatively new cargo types for the Seaway.

We anticipate no major shift in markets.

Question. What percent of the cargo that transits the Seaway travels under U.S. flag?

Answer. We are disappointed to report that less than 1 percent of Seaway cargo moves on U.S. flag vessels. The

movement that does occur under U.S. flag is in the form of military and roll-on roll-off cargo.

Approximately 70 percent of Seaway cargo moves on Canadian flag vessels, reflecting that country's heavy emphasis on maritime presence in the Seaway, as well as policies to promote construction of a maximum Seaway-size fleet.

We have made efforts in the past to attract more U.S. flag service to the Seaway and are prepared to develop any opportunities that present themselves.

U.S. flag presence in the system is heavy in cross-lake domestic movements, which are confined to U.S. flag by the Jones Act.

Question. Does very much P.L. 480 cargo or defense-related cargo transit the Seaway?

Answer. During the past two years the Seaway handled an average 240,000 tons of P.L. 480 II, representing about 15% of the national total. P.L. 480 II is subjected to U.S. flag cargo preference requirements. Disruption of the bidding process to comply with that requirement has often diverted cargo away from Great Lakes ports even when they offered the advantage of lowest landed cost. Great Lakes interests are pursuing a law suit in Federal Court concerning this issue.

Approximately 32,000 metric weight tons of Department of Defense cargo moved through the Seaway during the 1986 season, including over 2,000 vehicles. It has been estimated that DoD saved as much as sixty percent by shipping this cargo through the Seaway rather than by competing routes. Approximately 20 percent of DoD cargoes originate in the Midwest, making this a market opportunity for the Seaway now that regular U.S. flag roll-on roll-off vessel service is available.

Question. How much (by each category)?

Answer.

	1985	1986
P.L. 480 II (metric tons)	261,000	227,000
Dept. of Defense (metric tons)	20,450	31,722

Question. Have your efforts to attract more Department of Defense cargo been successful?

Answer. Introduction of U.S. flag roll on-roll off service in 1985 opened this market to the Seaway. Cargo to date has been primarily in the form of household goods, tanks,

trucks and other vehicles needed to replenish our military bases in Europe. As the military continues its equipment replacement program, we expect this cargo flow to continue in the future. This year the cargo should expand to include the movement of personal vehicles to and from Europe. Last year, we sponsored a Defense Cargo Development Seminar in the Great Lakes to encourage further movement of military cargo through Great Lakes ports. Our efforts have been successful to date and we anticipate continued success in the future.

Question. What are the major impediments to having more D.O.D. or P.L. 480 cargo transit the Seaway.

Answer. The flow of DoD cargo is only limited by the level of U.S. vessel service. Currently only one U.S. flag company is bidding for cargo via a Great Lakes port and the Seaway. If other U.S. flags entered the market, it could increase flows through the Seaway. By law, military cargo must move on U.S. flag vessels.

The impediments to P.L. 480 cargo are more complicated. The share of that cargo reserved for U.S. flag will rise to 75 percent in 1988 from 50 percent in effect in 1985 and before. The 1987 share is 70 percent.

While this arrangement hurts the Great Lakes due to limited U.S. flag service, the problem is compounded when cargo bid at lowest landed cost by a Great Lakes port for foreign flag movement is diverted to a coastal port to satisfy U.S. flag requirements. When the principle of lowest landed cost is violated, valuable program funds are eaten up by shipping costs instead of being used for commodity purchases.

The law which raised the cargo preference share provided the Seaway with some relief in the form of requiring that the Seaway receive as a minimum its 1984 allocation of 240,000 tons or 20% of the program, whichever is lower. Compliance with this stipulation must be closely monitored.

Questions Submitted by Senator D'Amato

SEAWAY FINANCING LEGISLATION

Question. The Water Resources Bill, enacted last year, changed the financing of the St. Lawrence Seaway.

In effect, Seaway toll revenues--which heretofore served to limit expenditures--are now deposited in the Harbor Maintenance Trust Fund.

Please explain the Administration's objection to this financing scheme.

Answer. The Administration objects to the financing provisions of the Water Resources Development Act of 1986 which requires the Corporation to transfer the U.S. portion of toll revenues collected under the United States-Canada Joint Tariff of Tolls to the U.S. Treasury and, effective April 1, 1987, makes the Corporation financially dependent on annual appropriations from the new Harbor Maintenance Trust Fund created by the Act.

The Administration's objections were clearly voiced in the June 13, 1986 letter sent by Transportation Secretary Elizabeth Hanford Dole to the Chairman of the Committee on Environment and Public Works. The Secretary wrote, "The Department believes strongly that the Saint Lawrence Seaway Development Corporation should continue to finance its operations from its own revenues. Requiring the Corporation to limit its spending to what it takes in in user fee revenue is a valuable discipline with clear benefits to the general taxpayer."

Other problems with the new financing system include:

- Without an independent revenue stream the Corporation will lose the autonomy and management flexibility it needs to provide the full range of essential services to Seaway users.

- As U.S. toll levels are now in effect irrelevant, the Corporation will lose important leverage needed to safeguard the interests of U.S. Seaway users in toll negotiations with Canada.

The Government of Canada has expressed similar concerns in a diplomatic note of July 12, 1986. The note read:
"It is likely that the result of instituting a system in which the USA portion of the Seaway is, in effect, maintained through outlays from a funding source which is not specifically earmarked for the Seaway would merely serve to complicate a negotiating process which is best handled in its entirety by those entities with direct responsibility for its management. Moreover, such an arrangement would confer minimal, if any,

benefits on Seaway users and leave unaffected the tolls on the Canadian portion of the Seaway. Indeed, by creating a situation in which, in practical terms, the two national portions of the Seaway system would be financed in fundamentally different ways (directly by users on the Canadian side, and indirectly, through the appropriations process, in the United States), introduction of a rebate would appear to be inconsistent with the cooperative spirit of the Seaway Treaty.

"Furthermore, the Embassy wishes to draw to the attention of the Senate-House conferees the potential detrimental impact on the welfare of the Seaway system of the arrangement proposed in H.R. 6, as amended by the Senate, whereby tolls paid for transit of the Seaway would be deposited in the Harbor Maintenance Trust Fund (from which the equivalent rebate would be paid to the carriers concerned). Such an arrangement could leave the St. Lawrence Seaway Development Corporation (SLSDC) competing annually with other prospective beneficiaries of appropriations from the Trust Fund, and might therefore undermine the SLSDC's solid financial base which has, in the past, contributed to the overall quality of the Seaway System."

Question. What is the status of legislation to return the Seaway to revenue financing?

Answer. On March 12, 1987, the Secretary transmitted to Congress proposed legislation to return the Seaway to self-financing status. The legislation is with the Corporation's authorizing committees. It is expected that after the committees review the bill it will be introduced.

Question. In the interim, a $6 million supplemental is requested under current law. The House Committee has recommended $4 million, assuming use of reserve funds.

What objections, if any, does the Seaway have to the reduction?

Answer. The new financing procedure, which has cutoff toll revenues to the Corporation, has forced us to submit a $6 million supplemental appropriation request to tide us over until the next fiscal year begins.

Pending approval of the supplemental appropriation, the Corporation will have to draw down its reserve fund, which we have judiciously built up over the past three years through management cost savings. The reserve fund is held in interest-bearing accounts in Minority Banks across the nation. Interest income has been used to help fund capital improvements. The reserve fund is a valuable form of self-insurance, giving the Corporation ready access to cash should an emergency expenditure be required for unanticipated lock repairs, for example.

Due to the availability of the reserve fund, the Corporation can live with a reduction in the supplemental appropriation.

It won't be a major problem if the legislation proposed by the Secretary to return the Corporation to self-financing status is passed in a timely manner. However, it would be a matter of grave concern if the reserve fund is drawn too low, over too long a period of time.

TOLLS

Question. What impact on shipping volume has been felt as a result of the 1986 Canadian toll increase?

Answer. We are gratified that the 1986 Canadian toll increase at the Welland Canal did not have a discernible negative impact on shipping volume, which increased slightly last year.

Whatever possible impact the Welland increase did have was mollified by continuation of the toll freeze which has been in effect since the 1984 season on the joint United States-Canada section of the Seaway.

Question. Is any further toll increase anticipated at this time?

Answer. The Seaway Authority of Canada has proposed an 8 percent increase in Welland toll rates for both 1987 and 1988. This is equivalent to a 4 percent increase systemwide. The Authority's position is based on its need for additional revenue to help cover a projected operating deficit at the Welland. The Authority operates under a mandate of full cost recovery.

The toll freeze on the joint section of the Seaway will remain in effect through the 1987 and 1988 shipping season.

Question. To what extent should the Seaway establish off-peak or incentive tolls?

Answer. We have given considerable attention to the concept of off-peak or incentive tolls. The challenges in formulating such a system include treating all Seaway users equitably, having a system of incentives that increases cargo instead of just spreading it out, and having a system that through increased cargo will generate the same or greater revenues.

The industry has been generally supportive of the concept. In our discussions, the Seaway Authority of Canada has indicated reluctance due mainly to their concerns over equity and revenue impact.

Question. What commodities would be impacted?

Answer. We have considered incentive tolls for all classes of cargo but have reached no definite conclusion.

At least in terms of U.S. tolls, the incentive toll concept has been made moot by the new legislation rebating tolls to users.

DOLLAR IMPACT

Question. What are your projections for increased shipping volume as a result of the falling dollar making exports more attractive?

Answer. We have been very supportive of the Reagan Administration's efforts over the past year and a half to lower the value of the dollar vis-a-vis other currencies.

The lower dollar has certainly created a more attractive climate for exporting. Our trade and traffic development programs are geared to helping Great Lakes agricultural and industrial exporters take advantage of that climate.

The export potential of Great Lakes industry is vast, as 40% of all United States manufacturing occurs in the eight-state Great Lakes region.

Question. Can you break out your assessment by grain and other cargo?

Answer. To date, we feel a specific example of the lower dollar's impact has been in the "other bulk" cargo category--chemicals, pulp, paperboard, scrap--which increased 13 percent last year. This cargo is largely U.S. exports.

The capital equipment sector of the economy is regaining export competitiveness as a result of the lower dollar. As much of this equipment is manufactured in the Midwest, and given the availability of roll-on, roll-off vessel service, we would expect to attract this cargo to the Seaway.

The lower dollar will help grain exports as well. But the determining factor in the world grain market today is one of oversupply. Consequently, the lower dollar will not stimulate sales as much as would be expected if the glut didn't exist.

The late 1970's run-up in the value of the dollar, as well as the Soviet Grain Embargo and the problem of oversupply worldwide, had a devastating impact on grain exports. It is difficult to reclaim the markets which have been lost.

Given the overall state of affairs in the grain trade, we are encouraged by the fact that the Seaway's market share of national grain exports rose four percent last year.

CAPITAL IMPROVEMENT

Question. The Corps of Engineers estimated $39 million as the cost of replacing existing locks. What was the Seaway's assessment of this capital requirement?

Answer. The February, 1985 Reconnaissance Report on Eisenhower and Snell locks conducted by the Buffalo District office of the U.S. Army Corps of Engineers recommended capital improvements estimated to cost $39.2 million. The cost breakdown is as follows:

Lock wall stability	$32.7 million
Concrete resurfacing	4.5 million
Guidewall repairs	1.0 million
Project Administration	1.0 million

After review of the Corps report, the Corporation entered into a contract with an engineering consulting firm to determine the optimal way to accomplish the needed stability work. Their preliminary recommendation is installation of floor struts combined with post-tensioned anchors at an estimated cost of $7 million for Eisenhower lock and $7 to $10 million for Snell. The total cost of approximately $14 to $17 million is half the Corps original estimate.

Question. How would such costs be funded?

Answer. The Water Resources Act of 1986 authorized $39 million to the Corps of Engineers to fund the project.

If these funds are appropriated, the stability work can be undertaken during the 1988 and 1989 off-seasons.

The concrete rehabilitation work at Eisenhower lock was completed by the Corporation during the 1986 and 1987 off-seasons. The 1986 work was funded by retained earnings, and this year's work was funded by a Congressional appropriation.

Completion of the concrete work removes a financial burden that the Corporation wrestled with for the past 20 years.

SEAWAY PROMOTION

Question. Since becoming Administrator, you have focused your attention on marketing the Seaway, especially to our European trading partners.

Please tell how these efforts have paid off in terms of increased Seaway utilization.

Answer. The following are specific 1986 results of the Seaway's trade and traffic development program:

1. Total commercial vessel transits rose by 7 percent to 3,307 transits. Ocean vessels were up by 11 percent indicating that the international shipping community is responding to our cost control, marketing and infrastructure programs. Transits of lake vessels were up by 4 percent.

2. Other bulk cargo--which includes chemicals, scrap, salt and petroleum products--rose 13 percent to 8.3 million tons. This was triple the average annual rate of increase over the past three years.

3. Despite the fact that, nationally, grain exports fell 15 percent, the Seaway increased its market share of national grain exports by 4 percent. This is a noteworthy accomplishment, given the sluggish market for export grain nationwide.

4. Defense cargo rose to 32,000 tons from 20,000 tons in 1985, the inaugural year for shipping this cargo through the Seaway. DoD has estimated that using the Seaway cut their transportation costs by as much as 60 percent.

5. Regular roll-on, roll-off U.S. flag vessel service has entered the Seaway to handle the defense cargo. Space is also available on sailings for commercial cargo.

6. Deutz-Allis, a multi-national manufacturer of vehicles and equipment, has located a Midwest distribution center at the port of Kenosha, Wisconsin. Low Seaway shipping costs were a determining factor in the site selection.

7. Special shipments of heavy lift cargo increased as Midwest industries retool and modernize. Last year, the Port of Duluth handled the largest heavy lift move in Seaway history.

Seaway Trade Missions over the past three years have been targeted to Europe, as it is the principal market for Seaway trade.

As a result of the 1986 trade mission visit to Split, Yugoslavia, and aggressive followup, Great Lakes-Yugoslav Line renewed service into the Lakes in 1986 after discontinuing this service in 1982. The contacts made in Yugoslavia allowed us to continue working with the North American Line manager to match up cargoes for the first ship and assist in finding an agent for the number of ships now expected in for the 1987 season.

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Furthermore, there is great possibility of potential cargo for the Port of Ogdensburg, N.Y. While in Antwerp, the port

director was approached by a representative of a major manufacturer of heavy machinery wanting assistance in acquiring licenses to move some equipment through New York State to Syracuse. Ogdensburg arranged for the licenses immediately upon returning to the States and is now negotiating the movement through that port. I might add that we may supply our heavy-lift crane, on a cost reimbursable basis, to assist with that movement.

ARCHITECTURAL AND TRANSPORTATION BARRIERS COMPLIANCE BOARD

STATEMENT OF CHARLES HAUSER, CHAIRPERSON

ACCOMPANIED BY:

DAVID WELCH, EXECUTIVE ASSISTANT TO THE CHAIRPERSON
MARGARET MILNER, EXECUTIVE DIRECTOR

INTRODUCTION OF ASSOCIATES

Senator LAUTENBERG. Mr. Hauser, we welcome you. I understand you are the Chairman and you have with you a couple of associates, and we would ask you to introduce them and then if you would proceed with your testimony.

Mr. HAUSER. Thank you, Senator.

I am pleased to have the opportunity to meet with you today to review the President's budget request for fiscal year 1988. Accompanying me today are our Executive Director, Margaret Milner, on my left, and David Welch, my Executive Assistant, on my right.

The President is requesting a $2.04 million budget, an increase of $150,000 over the Board's current level. I am proud that the President, in this era of financial belt-tightening, has chosen to increase the Board's budget.

ACCOMPLISHMENTS

Before reviewing the specific budget request, I would like to highlight some of the achievements of the Board over the past year. These include:

Issuance of a notice of proposed rulemaking to complete two reserved sections of the Minimum Guidelines and Requirements for Accessible Design—leased facilities and detectable warnings;

The development of advisory design guidelines for aircraft boarding chairs;

Increased cooperative efforts with other agencies to enhance our research and technical assistance activities; and

Completion and analyses of a number of research projects geared toward completing the minimum guidelines.

More specifically, the Board directed major efforts to complete the minimum guidelines, which continues to be a top priority of the Board. In the area of transportation, the Board published in the Federal Register advisory standards on aircraft boarding chairs. These standards are expected to provide greater safety for physically disabled persons by providing guidance on design and use of boarding chairs.

In addition, the Board continued to work on a joint demonstration

project with the Department of Transportation at Baltimore and Miami airports. This will improve telecommunication services for deaf, as well as speech and hearing-impaired travelers. We also awarded a contract to develop a technical paper on stowage of wheelchairs and other mobility aids on aircraft.

Last spring, the Board signed an interagency agreement with the Urban Mass Transportation Administration to produce a technical paper addressing wheelchair securement and lifts for buses and paratransit vehicles.

To promote communications accessibility for blind, visually-impaired, deaf, and hearing-impaired persons, the Board supported a variety of projects. These include:

The establishment of a TDD relay system with the Department of the Treasury. The relay allows TDD users to communicate with federal offices and programs through an operator, creating an effective alternative to equipping all federal telephones with TDD devices;

Completion of an alarms project on existing alarms systems and emergency procedures used in alerting and evacuating handicapped persons;

Funding a project on visual signals; and

Issuing for comment a final report on signage and continuing work on the information systems project.

Other research activity during the past year included the award of a contract to test commercially available indoor and outdoor surfaces for slip and roll resistance, completion of a hand anthropometrics project, and the review of the final draft of the recreation technical paper.

In 1986, the Board increased its cooperative efforts with other agencies in the research area. We assisted the National Institute on Disability and Rehabilitation Research in creating a new task group on accessibility. We also identified topics which were included in their research agenda. In addition, the Board is helping HUD develop a manual on adaptable housing.

TECHNICAL ASSISTANCE

Turning to technical assistance, the Board developed prepackaged materials and arranged for publication and distribution of a more usable indexed edition of the Uniform Federal Accessibility Standards. Both increase the efficiency of our technical services.

The Board also responded to requests from federal agencies, such as consulting with UMTA on a briefing paper to the International Civil Aviation Organization and, at the request of the Department of Education, preparing recommendations on accessibility for handicapped children.

As an example of our providing technical information, the Board developed two new brochures in the area of telecommunications: one titled, "Assistive Listening Systems," and the other, "TDD Communications with the Federal Government." This is an outgrowth of our TDD joint project with Treasury.

With respect to the minimum guidelines development, the Board published a proposed rule to add two reserved sections, leased facilities and detectable warnings.

COMPLIANCE AND ENFORCEMENT

In the area of compliance and enforcement, the Board continued to fulfill its responsibilities to ensure compliance with the Architectural Barriers Act of 1968. In the past fiscal year, the Board received 91 complaints and continued to obtain voluntary corrective action in 100 percent of the cases where it had jurisdiction and a violation was found.

In closing, I would like to state that the Board's achievements, especially with respect to the research efforts, are a good indication of the Board's commitment to the full goals and objectives which it has shared with this committee over the years.

As most of the research necessary to complete the minimum guidelines is completed or currently in progress, research in the future will be directed to areas of demonstrated need. The Board also will be directing funds toward demonstration projects and efforts to provide technical information.

Improvement of complaint processing will be another area of continued emphasis. The funds requested will provide us with the opportunity to accomplish these goals.

Mr. Chairman, this year, as in the previous two, the Board has prepared a budget that keeps a lid on administrative costs in order to devote as much as possible to our program efforts. I sincerely hope that you will see fit to concur with the President in enacting his budget request.

PREPARED STATEMENT

Thank you. I will be glad to answer any questions. But I would request that from time to time you allow me to ask Mr. Welch or Ms. Milner to assist me, in that they are full time staff and here on a day-to-day basis.

[The statement follows:]

Statement of Charles Hauser

MR. CHAIRMAN, I AM PLEASED TO HAVE THIS OPPORTUNITY TO MEET WITH YOU AND MEMBERS OF THIS SUBCOMMITTEE TO REVIEW AND DISCUSS THE BOARD'S FY 1988 BUDGET REQUEST. ACCOMPANYING ME ARE THE EXECUTIVE DIRECTOR, MARGARET MILNER AND MY EXECUTIVE ASSISTANT, DAVID WELCH. BEFORE REVIEWING THE SPECIFIC BUDGET REQUEST FOR FY 1988, I WOULD LIKE TO HIGHLIGHT SOME OF OUR MOST NOTABLE ACHIEVEMENTS OVER THE PAST YEAR--THESE INCLUDE:

- ISSUANCE OF A NOTICE OF PROPOSED RULEMAKING TO COMPLETE TWO RESERVED SECTIONS OF MGRAD--LEASED FACILITIES AND DETECTABLE WARNINGS;
- DEVELOPMENT OF ADVISORY DESIGN GUIDELINES FOR AIRCRAFT BOARDING CHAIRS;
- INCREASED COOPERATIVE EFFORTS WITH OTHER AGENCIES TO ENHANCE OUR RESEARCH AND TECHNICAL ASSISTANCE ACTIVITIES;
- COMPLETION AND ANALYSES OF A NUMBER OF THE RESEARCH PROJECTS GEARED TOWARDS COMPLETING THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN (MGRAD).

ACCOMPLISHMENTS AND AREAS OF EMPHASIS

RESEARCH

DURING FY 1986, THE BOARD DIRECTED MAJOR EFFORTS TO COMPLETE THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN (MGRAD)--A CONTINUING TOP PRIORITY FOR THE BOARD.

IN THE AREA OF TRANSPORTATION, THE BOARD IN MAY PUBLISHED IN THE FEDERAL REGISTER ADVISORY STANDARDS IN THE FORM OF PERFORMANCE SPECIFICATIONS FOR AIRCRAFT BOARDING CHAIRS. THESE STANDARDS ARE EXPECTED TO ENHANCE THE LIFE SAFETY OF PHYSICALLY DISABLED PERSONS BY PRODUCING FOR THE FIRST TIME, OBJECTIVE RECOMMENDED GUIDANCE ON DESIGN AND USE OF BOARDING CHAIRS. AT THE MARCH MEETING, THE BOARD'S STANDARDS COMMITTEE VOTED TO ISSUE THE FINAL DOCUMENT AS A TECHNICAL PAPER.

DURING THE PAST YEAR, THE BOARD CONTINUED WORK ON ITS DEMONSTRATION PROJECT AIMED AT IMPROVING TELECOMMUNICATION SERVICES FOR DEAF,

HEARING- AND SPEECH-IMPAIRED TRAVELERS AT AIRPORTS. THIS PROJECT, SUPPORTED THROUGH AN INTERAGENCY AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION (DOT) AND CONDUCTED AT THE BALTIMORE AND MIAMI AIRPORTS, WILL ESTABLISH A MODEL TDD PROGRAM, DEMONSTRATE OPTIMAL PLACEMENT AND APPROPRIATE SIGNAGE, AND, IN MIAMI, TEST SPECIAL VANDAL-PROOF INSTALLATIONS. UPON COMPLETION OF THE PROJECT IN FY 1987, RESULTS WILL BE EVALUATED AND DOCUMENTED IN A REPORT AVAILABLE FOR USE BY OTHER AIRPORTS.

TO ADDRESS AN AREA OF LONG-STANDING CONCERN, THE BOARD AWARDED A CONTRACT IN FY 1986 TO DEVELOP A TECHNICAL PAPER ADDRESSING SAFE AND ADEQUATE STOWAGE OF WHEELCHAIRS AND OTHER MOBILITY AIDS ON AIRCRAFT. THIS PAPER, EXPECTED TO BE COMPLETED IN LATE FY 1987 OR EARLY FY 1988, WILL BE USED IN PROVIDING TECHNICAL ASSISTANCE.

IN THE AREA OF SURFACE TRANSPORTATION, THE BOARD NEGOTIATED AN INTERAGENCY AGREEMENT WITH THE URBAN MASS TRANSPORTATION ADMINISTRATION (UMTA) TO PRODUCE A TECHNICAL PAPER ADDRESSING LIFTS FOR BUSES AND PARATRANSIT VEHICLES AND WHEELCHAIR SECUREMENT--AREAS IN NEED OF SAFETY STANDARDS AND EVALUATION CRITERIA. THIS PROJECT ALSO INCLUDES AN ANNOTATED BIBLIOGRAPHY IN SOFTWARE FORMAT FOR EASY UPDATING AND DISSEMINATION. THE FINAL DOCUMENT IS EXPECTED TO BE PUBLISHED LATER THIS FISCAL YEAR AND WILL BE USED TO PROVIDE TECHNICAL ASSISTANCE.

DURING THE PAST YEAR, THE BOARD AWARDED A ONE YEAR CONTRACT TO TEST COMMERCIALLY AVAILABLE INDOOR AND OUTDOOR SURFACES FOR SLIP AND ROLL RESISTANCE. THIS PROJECT WILL NOT ONLY ASSESS THOSE SURFACES THAT ARE THE MOST SLIP RESISTANT BUT WILL ALSO PROVIDE INFORMATION THAT MAY BE USED TO PROVIDE SPECIFIC GUIDANCE ON DEVELOPING AN APPROPRIATE REGULATORY DEFINITION.

WITH RESPECT TO THE BOARD'S EFFORTS TO EXPAND ACCESS TO RECREATION OPPORTUNITIES FOR DISABLED PERSONS, THE BOARD IS CURRENTLY REVIEWING A FINAL DRAFT OF THE TECHNICAL PAPER BEGUN DURING FY 1986, WHICH SUMMARIZES THE FINDINGS OF A TWELVE-MEMBER FEDERAL WORKING GROUP, PROVIDES A LITERATURE REVIEW, EXAMINES MODEL RECREATIONAL FACILITIES

AND MAKES RECOMMENDATIONS FOR ACTIONS TO IMPROVE ACCESS FOR DISABLED PERSONS IN PARKS AND RECREATION FACILITIES. WE WILL WORK CLOSELY WITH THE DEPARTMENT OF INTERIOR IN THIS EFFORT.

IN THE LATTER PART OF FY 1986, THE BOARD COMPLETED WORK ON THE HAND ANTHROPOMETRIC PROJECT BEGUN IN FY 1985. THE RESULTS FROM THIS PROJECT PROVIDE DETAILED INFORMATION ON HUMAN FACTORS THAT AFFECT A VARIETY OF BUILDING FEATURES AND PRODUCTS. THESE FINDINGS ARE BEING ANALYZED, PARTICULARLY AS THEY RELATE TO THE MINIMUM GUIDELINES SECTIONS ON CONTROLS AND OPERATING MECHANISMS. THIS MAY AFFECT SUCH PRODUCTS AS DOOR HARDWARE, TELEPHONES AND ALARM PULL STATIONS.

IN THE AREA OF COMMUNICATIONS ACCESS, THE BOARD SUPPORTED PROJECTS GEARED TOWARD ENHANCING ACCESSIBILITY FOR BLIND AND VISUALLY-IMPAIRED PERSONS AS WELL AS DEAF AND HEARING-IMPAIRED PERSONS. THESE PROJECTS CONSISTED OF:

- TDD RELAY SYSTEM - IN FY 1986, THROUGH AN INTERAGENCY AGREEMENT WITH THE U.S. DEPARTMENT OF TREASURY, THE BOARD ESTABLISHED A TDD RELAY SYSTEM WITHIN THE FEDERAL GOVERNMENT. THIS SYSTEM ALLOWS TDD USERS TO COMMUNICATE WITH FEDERAL OFFICES AND PROGRAMS THROUGH AN INTERMEDIARY--THUS CREATING AN EFFECTIVE ALTERNATIVE TO EQUIPPING ALL FEDERAL TELEPHONES WITH TDD DEVICES. THIS PROJECT WILL CONTINUE DURING THE REMAINDER OF FY 1987, AND IN MAY THE BOARD WILL CONSIDER AN ADDITIONAL YEAR'S FUNDING TO CARRY THE RELAY THROUGH AUGUST 1988.
- ALARMS DOCUMENTATION - IN FY 1986 THE BOARD COMPLETED WORK ON THIS FY 1985 PROJECT WHICH DOCUMENTED AND EVALUATED EXISTING ALARM SYSTEMS AND EMERGENCY PROCEDURES USED IN ALERTING AND EVACUATING HANDICAPPED PERSONS. THESE LIFE SAFETY ISSUES HAVE BEEN TARGETED AS A HIGH PRIORITY BY THE BOARD.
- VISUAL SIGNALS - AS PART OF A FOLLOW UP EFFORT TO THE ALARMS DOCUMENTATION PROJECT, THE BOARD IN FY 1986 AWARDED A CONTRACT ON VISUAL SIGNALS. THIS PROJECT WILL INCLUDE FIELD AND EXPERIMENTAL RESEARCH AND TESTING ON HUMAN FACTORS INCLUDING INTENSITY, FREQUENCY, COLOR, PLACEMENT AND OTHER ASPECTS OF VISUAL SIGNALS IN BUILDINGS AND FACILITIES. FINDINGS FROM THE PROJECT WILL INCLUDE RECOMMENDATIONS FOR MGRAD PROVISIONS--

INCLUDING A COST-IMPACT ANALYSIS OF THESE RECOMMENDATIONS--AS WELL AS RECOMMENDATIONS FOR TECHNICAL ASSISTANCE ACTIVITIES.

- SIGNAGE AND OTHER INFORMATION SYSTEMS- IN FY 1986, THE FINAL REPORT ON THE TWO YEAR INFORMATION SYSTEMS PROJECT, WHICH ADDRESSED VISUAL AND TACTILE SIGNAGE FOR SEVERAL OF THE MGRAD SECTIONS, WAS DISTRIBUTED FOR COMMENT. THE RECOMMENDATIONS AND ISSUES RAISED FROM THIS PROJECT AS WELL AS THE FY 1983 AND 1984 SIGNAGE WORKSHOP AND FY 1984 AND 1985 TACTILE CHARACTER TESTING PROJECT ARE UNDER CONSIDERATION BY THE BOARD'S STANDARDS COMMITTEE AS PART OF AN OVERALL REVIEW OF THE CURRENT MGRAD PROVISIONS COMPARED TO THE ANSI A117.1 STANDARD, THE UNIFORM FEDERAL ACCESSIBILITY STANDARDS, AND FINDINGS FROM OTHER RESEARCH PROJECTS.

IN 1986, THE BOARD INCREASED ITS INTERACTIONS WITH OTHER AGENCIES IN THE RESEARCH AREA. AS AN EXAMPLE, THE BOARD PARTICIPATED AS A MEMBER OF THE INTERAGENCY COMMITTEE ON HANDICAPPED RESEARCH OF THE NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH (NIDRR-FORMERLY NIHR); ASSISTED IN THE FORMATION OF ITS NEW TASK GROUP ON ACCESSIBILITY RESEARCH--TO BE CHAIRED BY THE BOARD'S EXECUTIVE DIRECTOR; AS WELL AS PROVIDING CONSULTATION TO NIDRR ON THE DEVELOPMENT OF THEIR PROPOSED FUNDING ACTIVITIES. THE BOARD HAS ALSO PARTICIPATED ON THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT'S PROJECT TO DEVELOP A MANUAL ON ADAPTABLE HOUSING.

TECHNICAL ASSISTANCE

DURING FY 1986 THE BOARD CONCENTRATED ON INCREASING ITS CAPABILITY TO HANDLE MORE EFFICIENTLY REQUESTS FOR TECHNICAL ASSISTANCE FROM BOTH THE PUBLIC AND PRIVATE SECTORS ON ACCESSIBILITY RELATED ISSUES. THIS WAS ACCOMPLISHED BY DEVELOPING PREPACKAGED INFORMATION MATERIALS MADE POSSIBLE THROUGH THE USE OF THE COMPUTER FILES OF THE BOARD'S TECHNICAL RESOURCES LIBRARY AND BY ARRANGING FOR THE PUBLICATION AND WIDE-SPREAD DISTRIBUTION OF A MORE LEGIBLE AND USABLE INDEXED EDITION OF THE UNIFORM FEDERAL ACCESSIBILITY STANDARDS (UFAS).

THE BOARD ALSO UNDERTOOK PROJECTS THAT ADDRESSED SPECIFIC REQUESTS

FROM FEDERAL AGENCIES. AS AN EXAMPLE, IN THE AREA OF TRANSPORTATION THE BOARD PROVIDED TECHNICAL ASSISTANCE AND CONSULTATION TO UMTA IN PREPARATION FOR A BRIEFING PAPER FOR PRESENTATION BY THE ASSISTANT SECRETARY TO THE INTERNATIONAL CIVIL AVIATION ORGANIZATION; TO DOT IN ITS ONGOING RULEMAKING PROCESS AS REQUIRED BY THE CIVIL AERONAUTICS BOARD'S SUNSET ACT OF 1984; AS WELL AS TO THE NATIONAL COUNCIL ON THE HANDICAPPED TO DEVELOP THE TRANSPORTATION SECTION OF ITS REPORT TO CONGRESS, "TOWARD INDEPENDENCE". AT THE REQUEST OF THE DEPARTMENT OF EDUCATION, THE BOARD PREPARED RECOMMENDATIONS FOR PROVIDING ACCESSIBILITY FOR HANDICAPPED CHILDREN IN ELEMENTARY SCHOOLS FOR DISSEMINATION TO STATE EDUCATIONAL AUTHORITIES IN CONJUNCTION WITH THE BARRIER REMOVAL GRANT PROGRAM.

IN ADDITION TO MEETING WITH NUMEROUS FEDERAL AGENCIES, THE BOARD MET WITH CONSUMER GROUPS, PARTICIPATED IN DISCUSSION GROUPS, SERVED ON PANELS, AND MADE PRESENTATIONS TO PROMOTE A BETTER UNDERSTANDING ABOUT ACCESSIBILITY CONCERNS. THIS INCLUDED SERVING ON AN ADVISORY COMMITTEE OF THE REGIONAL AIRLINES ASSOCIATIONS' AD HOC TASK FORCE ON ACCESS TO SMALL AIRCRAFT AND ON A REVIEW COMMITTEE FOR THE NATIONAL CONFERENCE OF STATES ON BUILDING CODES AND STANDARDS FOR DEVELOPING MODEL SCOPING GUIDELINES FOR ACCESSIBILITY.

TO ENHANCE ITS CAPABILITIES AS A CENTRAL CLEARINGHOUSE ON ACCESSIBILITY, THE BOARD IN FY 1986 DEVELOPED A BIBLIOGRAPHY RESOURCE LIST ON AIR TRAVEL FOR DISABLED PERSONS; PRODUCED AN EXPANDED SPORTS/RECREATION RESOURCE LISTING; DEVELOPED A USER MANUAL FOR THE CODES AND ABSTRACTS RETRIEVAL AND ENTRY SYSTEM (CARES) --AN AUTOMATED STATE CODES AND STANDARDS FILE WHICH HAS AUTOMATIC DATA ENTRY AND RETRIEVAL CAPABILITIES; AND CONTRACTED FOR AN ANNOTATED BIBLIOGRAPHY ON LIFTS AND WHEELCHAIR SECUREMENT FOR BUSES AND PARATRANSIT VEHICLES AS PART OF A RESEARCH PROJECT ON THE TOPIC.

TO FURTHER ITS EFFORTS IN DISSEMINATING APPROPRIATE TECHNICAL INFORMATION, THE BOARD DEVELOPED IN FY 1986 SEVERAL TECHNICAL PUBLICATIONS, INCLUDING TWO TECHNICAL BULLETINS TO ENHANCE COMMUNICATIONS ACCESS--"ASSISTIVE LISTENING SYSTEMS" AND "TDD COMMUNICATIONS WITH THE FEDERAL GOVERNMENT".

WITH RESPECT TO MGRAD DEVELOPMENT, THE BOARD ISSUED A NOTICE OF PROPOSED RULEMAKING TO ADD PROVISIONS ON TWO RESERVED SECTIONS OF MGRAD: LEASED FACILITIES AND DETECTABLE WARNINGS. THE MGRAD PROPOSALS WERE DEVELOPED FOR BOARD CONSIDERATION BY A WORKING GROUP. THIS GROUP REPRESENTS A STAFF-LEVEL COOPERATIVE EFFORT BY THE BOARD, THE STANDARD-SETTING AGENCIES AND THE DEPARTMENT OF JUSTICE.

COMPLIANCE AND ENFORCEMENT

THE BOARD CONTINUED TO FULFILL ITS RESPONSIBILITIES TO ENSURE COMPLIANCE WITH THE ARCHITECTURAL BARRIERS ACT OF 1968.
IN FY 1986, THE BOARD RECEIVED 91 COMPLAINTS--A DECREASE FROM THE PRECEDING TWO YEARS. OF THE 76 COMPLAINTS CLOSED IN FY 1986, THE BOARD ATTAINED VOLUNTARY CORRECTIVE ACTION IN 100 PERCENT OF THE CASES WHERE IT HAD JURISDICTION AND A VIOLATION WAS FOUND.

COMPLAINTS RECEIVED IN FY 1986 REPRESENT ORGANIZATIONS AND INDIVIDUALS IN 33 STATES AND AMERICAN SAMOA. THEY INCLUDED A WIDE RANGE OF ACCESSIBILITY PROBLEMS SUCH AS INACCESSIBLE ENTRANCES, LACK OF RAMPS, CURB CUTS, ELEVATORS, SIGNAGE AND PARKING FOR HANDICAPPED PERSONS.

FY 1988 ACTIVITIES

THE BOARD HAS PLANNED AN ACTIVE AGENDA FOR THE BUDGET YEAR TO CONTINUE ITS EFFORTS TO MINIMIZE BARRIERS TO ACCESS AND USE BY DISABLED PERSONS. ACCORDINGLY, THE BOARD IS REQUESTING $2,040,000 IN FISCAL YEAR 1988--AN INCREASE OF $150,000 OVER THE BOARD'S CURRENT LEVEL OF FUNDING--AND 27 FULL-TIME EQUIVALENT POSITIONS.

THE ADDITIONAL FUNDS WILL BE TARGETED FOR ESTIMATED FUNDS NECESSARY FOR DEFRAYING THE ADDITIONAL COSTS TO BE INCURRED IN IMPLEMENTING THE NEW FEDERAL EMPLOYEES RETIREMENT SYSTEM (FERS), AS WELL AS THE CONTINUED DEVELOPMENT OF TECHNICAL SPECIFICATIONS FOR ACCESSIBILITY AND DEMONSTRATION OF RECOMMENDED SOLUTIONS TO ACCESS PROBLEMS.

RESEARCH

WITH THE PROJECTS NOW COMPLETED OR UNDERWAY, MAJOR AREAS OF THE MGRAD WHICH HAD BEEN RESERVED OR THAT WERE CONSIDERED TO NEED ADDITIONAL INFORMATION OR REVISIONS HAVE BEEN ADDRESSED. ACCORDINGLY, THE MAJOR EMPHASIS WITH RESPECT TO RESEARCH WILL BE TO FOCUS ON COOPERATIVE EFFORTS WITH OTHER FEDERAL AGENCIES TO INVESTIGATE AREAS OF MUTUAL CONCERN; ADDITIONAL DEMONSTRATION PROJECTS, AND UPDATING MGRAD WHERE APPROPRIATE. IT IS ANTICIPATED THAT A REGULAR REVIEW CYCLE WILL BE FOLLOWED TO ASSESS TECHNICAL DEVELOPMENTS IN SUCH AREAS AS ACCESSIBILITY CODES AND STANDARDS AND NEW TECHNOLOGY. AS SPECIFIC AREAS WHERE BASIC OR APPLIED RESEARCH NEEDS ARE IDENTIFIED, ANNUAL RESEARCH PRIORITIES WILL BE ADJUSTED TO FUND PROJECTS ON THOSE SUBJECTS.

DURING FY 1988, THE BOARD WILL CONTINUE ITS WORK IN THE AREA OF EGRESS--A NEW PRIORITY ADOPTED IN FY 1987, WHICH ADDRESSES SAFE EVACUATION OF DISABLED PERSONS DURING EMERGENCIES. ADDITIONAL PRELIMINARY PRIORITIES ESTABLISHED BY THE BOARD'S RESEARCH COMMITTEE FOR POTENTIAL PROJECTS ARE CONTROLS AND VISUAL CUES.

TECHNICAL ASSISTANCE

THE BOARD WILL CONTINUE TO ENHANCE ITS TECHNICAL ASSISTANCE EFFORTS IN FY 1988 THROUGH IMPROVEMENTS IN THE BOARD'S TECHNICAL LIBRARY AND ITS CODES AND STANDARDS FILES AS WELL AS THE CONTINUED DEVELOPMENT OF TECHNICAL BULLETINS ON VARIOUS ISSUES FOR WIDESPREAD DISSEMINATION TO ASSIST PROFESSIONALS, USERS AND OTHERS IN UNDERSTANDING THE LAWS, TECHNICAL REQUIREMENTS AND RESOURCES AVAILABLE ON ACCESSIBILITY.

IN FY 1987 AS WELL AS FY 1988, THE BOARD WILL CONSIDER APPROPRIATE MECHANISMS TO IMPLEMENT ITS FINDINGS FROM THE TECHNICAL PAPER ON RECREATION. THE MECHANISMS CONSIDERED FOR SUCH PURPOSES ARE SPECIAL USE PROVISIONS FOR THE MINIMUM GUIDELINES AND REQUIREMENTS, HANDBOOKS, ADVISORY STANDARDS AND/OR TECHNICAL ASSISTANCE PROGRAMS.

COMMENCING IN FY 1987 TO BE COMPLETED IN FY 1988, THE BOARD PROPOSES TO CONDUCT A TECHNICAL ASSISTANCE PROJECT TO DEVELOP HUMAN FACTORS

DATA ABOUT THE PERFORMANCE CAPABILITIES OF PERSONS WITH DISABILITIES AS THEY RELATE TO THE BUILT ENVIRONMENT, USING BASIC INFORMATION SOURCES COMPILED BY THE NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH.

OTHER TECHNICAL ASSISTANCE PROJECTS INCLUDE FOLLOW UP TO THE TDD PROJECT IN AIRPORTS THROUGH DISSEMINATION OF THE EVALUATION RESULTS; THE CONTINUATION OF A BOARD-SPONSORED ACCESSIBLE DESIGN COMPETITION--TO BE INITIATED IN FY 1987--AS A MEANS OF INCREASING ARCHITECTURE STUDENTS' AWARENESS AND SENSITIVITY TO THE INTEGRATION OF ACCESSIBILITY FEATURES IN DESIGN; AND A PROJECT ADDRESSING DESIGN NEEDS OF THE ELDERLY.

COMPLIANCE AND ENFORCEMENT

THE BOARD WILL CONTINUE TO CARRY OUT ITS PRIMARY MISSION WHICH IS TO ENSURE THAT ACCESSIBILITY AND USABILITY ARE ACHIEVED IN FEDERAL AND FEDERALLY-FUNDED BUILDINGS. IT WILL ALSO CONTINUE TO REVIEW ITS COMPLAINT PROCESSING PROCEDURES FOR POSSIBLE IMPROVEMENT AND TO GENERATE MORE EFFECTIVE COMPLIANCE REPORTS.

CONCLUSION

IN CLOSING, I WOULD LIKE TO STATE THAT THE BOARD'S ACHIEVEMENTS, ESPECIALLY WITH RESPECT TO OUR RESEARCH EFFORTS, ARE PROOF OF THE BOARD'S COMMITMENT TO FULFILL THE GOALS AND OBJECTIVES WHICH IT HAS SHARED OVER THE YEARS WITH THE COMMITTEE. AS MOST OF THE RESEARCH NECESSARY TO COMPLETE THE GUIDELINES IS COMPLETED OR CURRENTLY IN PROGRESS, RESEARCH IN THE FUTURE WILL BE DIRECTED TO AREAS OF DEMONSTRATED NEED. THREE CRITICAL AREAS IDENTIFIED FOR ACTION INCLUDE LIFE SAFETY PROJECTS; STANDARDS-RELATED PROJECTS; AND SPECIAL USE/SPECIAL POPULATIONS PROJECTS. THE BOARD ALSO WILL BE DIRECTING FUNDS TOWARD DEMONSTRATION PROJECTS AND EFFORTS TO DISSEMINATE TECHNICAL INFORMATION ABOUT SOLUTIONS TO ACCESSIBILITY PROBLEMS. IMPROVEMENT OF COMPLAINT PROCESSING AND REPORTS WILL BE ANOTHER AREA OF CONTINUED EMPHASIS. THE FUNDS REQUESTED IN FY 1988 WILL PROVIDE US THE OPPORTUNITY TO ACCOMPLISH OUR GOALS.

MR. CHAIRMAN, THIS YEAR, AS IN THE PAST, THE BOARD HAS PREPARED A BUDGET WITH FINANCIAL BELT-TIGHTENING IN THE ADMINISTRATIVE AREAS, IN ORDER TO DEVOTE MAXIMUM FUNDS TO OUR SERIOUS PROGRAM EFFORTS. I FEEL THAT OUR REQUEST FOR FY 1988 UNDERSCORES THE ADMINISTRATION'S COMMITMENT TO THE GOALS OF THE BOARD. THIS REQUEST WILL ENABLE US TO CONTINUE OUR WORK AND TO RESPOND TO CONGRESSIONAL DIRECTIVES.

I SINCERELY HOPE THAT CONGRESS WILL CONCUR WITH THE ADMINISTRATION'S VIEW.

THANK YOU. WE WILL BE GLAD TO ANSWER ANY QUESTIONS THE COMMITTEE MAY HAVE.

EFFECTIVE COMPLIANCE

Senator LAUTENBERG. Certainly we have no objection to staff support. As you see, I believe in that. And anyone who does the kind of service that you do, we are grateful to. The government needs those who will supply their time, and I know that you have been doing that now for a couple of years as Chairman and as a Board member, I think, for 5 years.

Mr. HAUSER. Yes, sir.

Senator LAUTENBERG. Let me ask you for an evaluation. Do you think that there is generally effective compliance with the federal accessibility standards?

Mr. HAUSER. Generally, I believe there is effective compliance. We are finding that, even in areas where we lack jurisdiction, that federal agencies are willing to go along and cure problems that exist and that prohibit accessibility for disabled people.

The legislation only applies to certain buildings, and one of our concerns is having a good working relationship with the other federal agencies so that sometimes we can have barriers removed just because they need to be removed.

Senator LAUTENBERG. How does the Board let the public know, those in construction and the general public, that the Board exists and that—it will not shock you to know that there are a lot of people who do not know that you exist—and that there are federal accessibility standards? How do you inform them?

Mr. HAUSER. Well, the accessibility standards, of course, only apply to federal construction.

Senator LAUTENBERG. Right.

Mr. HAUSER. That is an area where I think we have not done as good a job as we can do. And one of the things we plan to do in the future is to try to reach out to architects with the federal agencies and possibly through seminars, to assure that not only do they know that we exist,

but that they know what to do when new construction is involved or when additional moneys are spent on adaptive facilities.

Senator LAUTENBERG. What is generally the best medium for you to get your message out?

Mr. HAUSER. Well, we currently try to keep in touch with the consumer groups. I had lunch recently with Gordon Mansfield from PVA, and he is going to place in his publication, I believe next month or the month thereafter, a complaint form.

And we find that our complaints generally come in in a kind of wave. There is some relationship, I think, between the amount of work that is done by disability groups in one case. And another, we publish a newsletter that has a fairly large circulation, and we invite recipients and show them how to fill out a complaint.

Senator LAUTENBERG. You are out of the design business, I understand, is it an architectural firm?

Mr. HAUSER. No, sir; I am not. I have a small graphic design firm in Atlanta and another business in Miami.

AGENCIES AWARENESS

Senator LAUTENBERG. Do you think that the design firms, the architects, construction trades know that there are federal accessibility guidelines and that the Board is there to enforce those guidelines?

Mr. HAUSER. Well, I think they should. There is always confusion, because there are a number of standards around, and one of the things we are trying to do is to bring what we do more into sync with what is going on in the private sector.

The ANSI standard which is used as a technical specification does not have scoping provisions, but it is used as a basis for many of the state and municipal codes around the country. It is one that we are trying to come closer to.

Senator LAUTENBERG. Your firm is a graphic design firm, you say?

Mr. HAUSER. Yes, sir.

Senator LAUTENBERG. How do you translate that skill into the responsibilities you have as Chairman of this?

Mr. HAUSER. Oh, I do not know that you can. A lot of the projects we have worked on involve rapid rail or airports, and we work with disability groups who have sight disabilities. And I got into it, I guess, in that way. Once you start working with disability groups about one issue—maybe it is partially-sighted individuals—other issues invariably come up.

We are—just referring back to one of your previous questions—we are considering in this budget a design competition to try to bring practitioners in the schools and possibly in just the public sector to focus on these issues. Sometimes in the universities there is a feeling that the needs of disabled persons is a kind of side issue, and I think we do have a problem in communicating these needs with professors and faculty of some of the major architectural schools.

Senator LAUTENBERG. Well, we appreciate your being here, Mr. Hauser, and your agency's representation. We think you perform an important function, and we are pleased when we hear that the standards are working and that the accessibility is being made available for people who need that special consideration.

Certainly they are entitled to the same things that any other citizen is entitled to, whatever impairment. They have to be able to participate in society in a full manner, and accessibility is a very important factor.

SUBMITTED QUESTIONS

We have other questions that we will submit to you. We ask for your answers for the record promptly, so the staff there does not feel left out. We will give them a chance to respond to a number of questions.

[The following questions were not asked at the hearing but were submitted for response for the record:]

Questions Submitted by Senator Lautenberg

BOARD DIRECTION

Question. In terms of the disabled public, has the Board ever used television, radio or the print media to let them know of the Board's existence and that they have the ability to file complaints with you?

Answer. In 1979 the Board produced four public service television announcements which were used throughout the nation. At least one of them specifically invited complaints. For the last three years the Board's newsletter, Access America, has included on the back page an explanation of how to file a complaint. In addition, the Board distributes a pamphlet, "Access America," which includes a pull-out complaint form. Of course, articles written about the Board frequently include information about the complaint function.

COOPERATIVE RESEARCH

In a report to Congress the Board stated that research efforts in Fiscal Year 1989 and future years are anticipated to focus more on cooperative efforts with other Federal agencies.

Question. Does this mean that the Board will have completed research on the reserved sections of the minimum guidelines and requirements for accessible design?

Answer. Generally speaking, it does mean that research related to reserved sections is basically completed. While the Board has not sponsored research on all of the reserved areas--namely, opening forces on exterior doors and elevator door timing and some of the potential areas that could be included in Subpart E, Special Building or Facility Types or Elements--it does not necessarily follow that research is required to complete those sections. In each of these cases, there are existing standards in use which have proven to satisfy accessibility needs and which can form the basis for completing MGRAD. Future MGRAD-related research will focus on ensuring that MGRAD remains current with advances in architecture, engineering and design. For example, new building materials or products might call for the Board to consider revising requirements on slip resistant surfaces.

Question. Why does the Board feel that cooperative efforts cannot be undertaken before FY 1989?

Answer. The Board does not take this position. Cooperative efforts have been mounted with the Department of Transportation in FY 1985/1986, with the Department of Treasury in FY 1986, and with the Education Department in FY 1987. Other cooperative efforts will be undertaken as appropriate to advance the Board's work. It is anticipated that by FY 1989, cooperative efforts will be a principal focus of the Board's research program.

Question. Is the Board receiving any funds for technical assistance projects from any private or public sources in Fiscal Year 1988?

If so, who are they and for what projects?

Answer. The Board does not receive any funds from private sources. In the past, the standard-setting agencies have contributed funds for production of the Uniform Federal Accessibility Standards (UFAS). NIDRR plans to transfer funds for a publication, perhaps in late FY 1987 or early FY 1988.

COMMITTEE ON RULES FOR HANDICAPPED

The Air Carrier Access Act passed last year bans airline discrimination against the handicapped.

Question. In what areas will new regulations be necessary for DOT to administer this act?

Answer. The non-discrimination regulations adopted by the Civil Aeronautics Board in 1982, and now administered by DOT, covered only carriers receiving a direct Federal subsidy. Several aspects of service for disabled persons will now need to be addressed. This will include the carriage and stowage of mobility aids, the definition of a "qualified handicapped person," how much and what kind of advance notice a disabled traveler must give air carriers, whether and under what conditions a disabled passenger can be required to have an attendant, how much assistance flight crews must provide, and similar issues.

The Department of Transportation is planning to establish a special advisory committee to help it develop new rules to govern airline treatment of the handicapped.

Question. Is the Board involved with DOT in this effort?

Answer. The Board has been invited by DOT to participate in the committee process, and plans to be an active participant. The Civil Aeronautics Board Sunset Act of 1984 requires that DOT consult with the Board on any changes in regulations affecting handicapped air travelers.

Question. If so, in what way? That is, will the Board have a presence/seat on the committee or serve as an advisor to the Department?

Answer. The Board has been invited by the Department of Transportation to participate as a member of the group that will negotiate the rulemaking and has accepted.

Question. What will this committee be studying?

Answer. The purpose of the committee will be to attempt to develop a consensus among affected parties (e.g., air carriers, disabled consumers, airport operators, flight crews, etc.) on what the new regulation should cover. If such a consensus is reached, the results will be recommended to the DOT Secretary for publication as a proposed rule. The committee would then assist the Department in responding to comments received on the proposal and drafting a final rule. The committee thus will need to study barriers to air travel encountered by disabled persons and attempt to devise solutions which both disabled travelers and air carriers can effectively implement.

Question. In what areas can or will the Board be offering advice and/or assistance?

Answer. The Board has been a long-time participant in such private-sector activities as the Access to the Skies program of Rehabilitation International USA and has collected considerable information on air travel barriers in its technical library. In addition, the Board has sponsored recent research on aircraft boarding chairs and mobility aid stowage which have both resulted in the collection of valuable information. We expect to make these resources available to the committee.

The Committee expects that the Department will be investigating a number of areas regarding airline discrimination of the handicapped including: seating restrictions; pre-boarding rules; treatment of guide dogs; stowage of special equipment; use of canes, crutches and wheelchairs; and how safety instruction are communicated to handicapped individuals.

The deadline for comments on the plan and requests to serve on the Committee were due March 25.

Question. Did the Board comment on the plan and/or request to serve on the committee?

If so, what did the Board file?

If not, why not?

Answer. Since DOT is required to consult with the Board on all changes to rules for air travel of disabled persons, as required by Civil Aeronautics Board Sunset Act of 1984, no formal request to participate in the rulemaking was necessary. Board staff had been informed prior to the publication of the Notice that the Board was expected to participate. Moreover, Board staff was consulted by DOT staff in preparing the original Notice.

INTERAGENCY COORDINATING COUNCIL

This Committee funds the section 16(E)(2) Mass Transit Elderly and Handicapped Program, and has pushed DOT to work with the Health and Human Services Department to prevent duplication of effort in this area, and to best serve that population. Just recently those two Departments have entered into an interagency agreement on a coordinating council.

Question. Do you believe that the Board would have something to add to that council?

Answer. In this as in other areas the Board is always prepared to provide technical assistance as requested by the two agencies involved, both of which are Board members.

Question. If so, what?

Answer. The Board's staff is consulted by DOT staff on areas of mutual concern, and we would expect that to apply in this case as well. Of course any technical information available in our library would be provided.

Question. If not, do you believe that the transportation needs of the handicapped have been met by public transit agencies?

Answer. Under the principle of "local option" the local transit agencies are responsible for providing service to disabled persons in their service areas. If the needs are not being met, then those unmet needs should be conveyed to the local agency to be appropriately addressed.

Question. Has the Board ever studied the provision of mass transit services for the handicapped?

Answer. As part of the Board's Technical Services Library, many reports and studies have been collected. Since the Board has limited authority in the transportation area, it has not directed its limited resources toward a formal study; as a Board member, DOT has provided input on this subject.

DIVISION OF RESEARCH FUNDS

Question. What percentage of the research funds went to research and/or work related to closing out the Minimum Guidelines and Requirements for Accessible Design (MGRAD)?

Answer. A total of $189,465 has been obligated in FY 1985-1986 directly for closing out the reserved sections of MGRAD. In addition, $429,000 obligated in FY 1983 and 1984 supported projects that aimed to close reserved sections. That is $618,465, or 32% of all non-administrative Object Class 25 monies since Board research began.

Question. What percentage of the research monies went to self-initiated projects, i.e., those not specifically related to closing out reserved sections of the MGRAD?

Answer. Of all non-administrative Object Class 25 funds expended by the Board, 38% went to projects on those MGRAD provisions that were not reserved but needed further study; 32% on reserved sections, and 30% for other purposes. Of all project funds used for projects other than reserved sections of MGRAD, more than half (56%) went to unreserved MGRAD section projects and just 44% to non-MGRAD projects.

Question. How were the self-initiated projects chosen (i.e., what criteria were used for project selection)?

Answer. The Board's Standards, Research and Technical Assistance Committees, and since mid-1985 its Research Committee, have considered priorities for projects on an annual basis. The DOT project was begun in response to inquiries to the Board and to DOT about TDDs in airports. The Board first sponsored a public inquiry, with requests for comments published in the Federal Register. That effort elicited so many complaints that TDD services were not available in many airports that the Research Committee decided to demonstrate how compliance with the DOT section 504 regulation could be achieved efficiently and effectively, e.g., well and at a modest cost. As another example, the Board sponsored a project on "boarding chairs" and one on mobility aids stowage in aircraft.

Again, the Board began by publishing in the Federal Register a notice inviting public comment. This effort produced many responses, most of which indicated problems with the ways in which persons using wheelchairs were assisted while traveling by air. The Department of Transportation indicated that the state-of-the-art in design of boarding chairs and in stowage of mobility aids was such that in many cases airlines and airports did not know how best to meet the needs of disabled travelers. For this reason, the Board supported these two projects. Other "self-initiated" projects were adopted for similar reasons: public requests for information, inter-agency discussions indicating a void in knowledge, and Research Committee desire to provide technical assistance.

PART-TIME

It is the Committee's understanding that the Director of Research also chairs another commission that deals with disabilities and that this other involvement takes up some time.

Question. When serving as the chair of the other commission is he paid by the Board?

Answer. No, the employee is on part-time duty status (2 days per week) with the ATBCB and is paid only for those hours actually spent on ATBCB work.

Question. How much time does the other position take?

Answer. The ATBCB does not monitor the employee's activities unless he is on active duty status with the Agency (i.e., scheduled tour of duty which has been 2 days per week). During those hours, all of the employee's time is spent on ATBCB business.

Question. Is it during normal work hours or after-hours?

Answer. The employee's current tour of duty at the ATBCB is two days per week. Beyond those days, the employee is free to independently pursue a schedule that does not involve the ATBCB. Therefore, he may work for the Commission during normal business hours or after-hours, depending on the needs of the Commission and the employee's personal arrangements, as long as that work is not performed on ATBCB time.

Question. Is considerable time spent on the commission?

Answer. It is not possible for us to address this question on behalf of the Commission.

Question. Why would the Board pay someone at a full-time rate for a particular job if the job is not attended full-time?

Answer. By law, the Board cannot pay an employee full-time for less than full-time work. Therefore, the employee is on part-time status and is paid only for those hours spent in active duty (pay) status performing work for the ATBCB. This arrangement is temporary. We expect the employee to return to full-time status with the ATBCB in the very near future.

COMPLETION OF RESERVED SECTIONS OF THE MINIMUM GUIDELINES AND REQUIREMENTS FOR ACCESSIBLE DESIGN (MGRAD)

It is the Committee's understanding that at the Board meetings of March 9 through 11 of this year discussions were held on completion of the remaining reserved sections of the MGRAD.

Question. What were the results of those discussions?

Answer. At its March 1987 meeting, the ATBCB discussed incorporating the American National Standards Institute (ANSI) Technical Provisions (A117.1-1986) into the Board's MGRAD, Subpart D, technical provisions, including reserved sections and adopting Uniform Federal Accessibility Standards (UFAS) provisions as Subpart E, "Special Building or Facility Types or Elements." In effect, this action would add scoping requirements to cover MGRAD sections formerly reserved and complete all reserved sections of Subpart D technical provisions by incorporating ANSI requirements. The Board discussed making minor changes in MGRAD technical provisions in order to achieve maximum possible uniformity without compromising accessibility. While there was general agreement among Board members to approve adoption of the ANSI provisions, final action on this item was postponed until the Board's May meeting pending further identification, analysis and review of the relatively few discrepancies between ANSI 1986 and the MGRAD.

Question. What reserved sections need completion?

Answer. Sections of MGRAD currently reserved include opening forces for exterior doors; elevator door timing; Signage; Windows, and Subpart E, Special Building or Facility Types or Elements. Research in order to complete most of these sections has been conducted by the Board or other organizations. Some reserved sections, such as Subpart E, are covered by the Uniform Federal Accessibility Standards (UFAS) and research is not necessarily required to complete MGRAD.

Question. What is the timetable for closing those sections? (Include research contract letting to estimated dates for notice of proposed rulemaking.)

Answer. Should the Board adopt the ANSI provisions, all reserved sections could be the subject of proposed rulemaking in FY 1987. If not, the sections on Detectable Warnings and Leased Facilities should be completed in FY 1987 or early FY 1988; and other sections including Signage and Windows could be the subject of rulemaking in FY 1988. "Special Building or Facility Types or Elements" may be completed by adopting the UFAS provisions which the Board helped to develop; this too could be accomplished in FY 1988.

Question. What has been the response to the Board's February 11, 1987, notices on leased facilities and detectable surfaces? (Number of responses to date, do they support the Board's notice, etc.).

Answer. To date, the Board has received twenty-nine comments on its February 11, 1987, notice of proposed rulemaking on leased facilities and detectable warnings. Of these, twenty were identical letters from visually impaired consumers, and three were identical letters from different individuals.

Of the comments received, four address the issue of leased facilities (1190.34); three comments generally support the Board's proposed revisions and one raises objections.

The comments regarding detectable warnings (1190.190) vary in their specific application to the language and concepts proposed by the Board in this notice. All comments support the inclusion of provisions for detectable warnings within the MGRAD; two commenters state belief that the ANSI provisions in this area are not appropriate. Another strongly supports the Board's proposed language for including a note for further information on detectable warnings.

Comments will continue to be reviewed and analyzed as they are received for guiding the Board in its rulemaking process.

OVERALL BUDGET

Question. What caused the $3,295 to be lapsed at the end of Fiscal Year 1986?

Answer. The Board lapsed $3,295 in FY 1986 due to changes in staff travel plans.

Question. For what purposes were these funds originally budgeted?

Answer. The travel funds were originally budgeted for staff on-site visits and conferences.

Question. Over half of the increase from 1987 to 1988 is due to personnel benefits or permanent positions. ($80,000 of the $150,000). For the record, breakdown the $42,000 (Is that all due to Federal Employee Retirement System) and the $38,000 (How much for in-grade, promotions, bonuses etc.).

Answer. Of the $42,000 increase for personnel benefits, $35,000 will be used for the Federal Employee Retirement System; the remaining amount will be used for increases in related benefit costs (which include Civil Service retirement, Medicare, health insurance, Social Security). Of the $38,000 increase, the amount of $5,000 is for within-grade increases for employees covered under the General Schedule (GS); $18,000 is for salary increases for employees covered under the Performance Management Recognition System and $15,000 is for annualization of salaries for current staff vacancies and for the FY 1988 effect of the FY 1987 pay raise.

Question. How was the Board able to reduce its travel budget by over 18 percent from $69,000 to $56,000?

Answer. At the time of the development of the FY 1988 budget in July 1986, the costs estimated for FY 1988 were based on FY 1986 travel patterns. At that time, it appeared that $56,000 would cover all Board member travel costs for FY 1988. Subsequent to the allocation of $56,000 for FY 1988, there has been increased public Board member attendance plus the addition of a twelfth public member as

required by the Rehabilitation Act Amendments of 1986. Due to these changes, we may need to reprogram funds to the travel category. This will be accomplished by achieving savings in other object classes.

Question. Provide for the committee a breakdown of the $56,000 for travel.

Answer. Of the original $56,000, $52,000 was designated for Board member travel and $4,000 for staff travel.

Question. How much is associated with Board travel, staff travel?

Answer. Board travel accounts for $52,000 and staff travel --conferences, research project monitoring, local travel, on-site compliance investigations--accounts for $4,000. As noted earlier, due to changes which impact upon Board member travel, we may need to reprogram funds to the travel category. This will be accomplished by achieving savings in other object classes.

Question. To where and for what purposes(s) did staff travel in Fiscal Years 1986 and 1987?

Answer. The following is the staff travel for FY 1986 and 1987:

FY 1986	
Atlanta	To meet with Chairperson.
Baltimore, MD	To participate in Forum on Model Accessibility Scoping Guidelines at the annual conference of the National Conference of States on Building Codes & Standards.
Rochester, NY	To conduct on-site survey of building in connection with agency compliance activities.
Seattle, WA	To chair workshop paper at UMTA "National Workshop on Bus Wheelchair Accessibility" to develop lift and securement safety guidelines and meet with officials of the Municipality of Metropolitan Seattle regarding proposed bus tunnel for downtown Seattle.
Rochester, NY	To conduct on-site compliance survey.
Atlanta	To attend Alarms Documentation Project Advisory Panel meeting concurrently held with National

	Fire Protection Agency Convention (NFPA); monitoring contract.
Buffalo, NY	Review and monitor contract at SUNY-Buffalo on Hand Anthropometrics and consult with experts in Buffalo.
Newark, NJ	To meet with Lou Harris, Co. officials regarding telephone survey concerning handicapped people.
Boston, MA	To conduct on-site compliance survey visit.
Annapolis, MD	To provide staff support and interpreting services for Board members with a hearing disability during Board Retreat.
New York, NY	To participate in the Visual Signals research project Advisory Committee meeting.
Philadelphia	To attend conference on computer-aided design; related to technical assistance priority.
New Mexico	To participate in panel on accessibility.
Vermont	To participate in panel on accessibility.
FY 1987	
Ottawa, Canada (planned)	To attend a conference on environmental needs of the elderly and disabled persons. This conference relates to an ATBCB technical assistance priority.

Question. What travel is planned for Fiscal Year 1988?

Answer. Board Member travel for Fiscal Year 1988 is planned for five Board meetings held throughout the year in Washington, D.C.

Staff travel will be primarily for purposes of visiting complaint sites, monitoring research or technical assistance, and attending/participating in professional conferences and panels relating to accessibility.

Question. Why does the printing and reproduction cost increase by almost 30 percent from $29,000 to $38,000?

Answer. The Board has decided to reprogram $10,000 from the research budget to the printing category for dissemination of research findings and technology transfer purposes.

Question. Are these technical assistance publications, in-house production, or newsletter expenses?

Answer. These costs cover the publication of several items which are mandatory--Federal Register documents which include announcements of Board meetings, the regulatory agenda, notices of proposed and final rulemaking and invitations for public comment, in addition to the Code of Federal Regulations. Other printing items include the newsletter, which is published quarterly; publications, which include general information materials and technically oriented papers; and research reports and bulletins which include synopses of technical papers and other related abbreviated technical assistance articles.

Question. How many copies of the newsletter are distributed?

Answer. 2,867 print copies are distributed four times a year. In addition, cassettes of each newsletter are distributed to 46 visually-impaired persons.

Question. How distributed?

Answer. By direct mail to our mailing list. Other copies are of course distributed in the course of responding to letters and telephone inquiries.

Question. To whom?

Answer. To anyone who wishes to be on the mailing list: disabled persons and organizations, architects, Federal agencies, city, county and state officials, engineers, building and code organizations, etc.

Question. How often?

Answer. Quarterly.

Question. What are special personal services payments?

Answer. Special personal services payments are monies reserved for the use of administrative law judges if the need arises.

Question. Who or what received these payments?

Answer. No expenditures were made in this category last fiscal year as the Board attained voluntary corrective action in 100 percent of the cases where it had jurisdiction and a violation was found.

BOARD OF DIRECTORS

Question. For the Record provide the Board of Director's membership list and terms of service, for Federal agency members include titles of their office.

Answer. The following is the Board membership list and terms of service:

Public Board Members	Term of Service
Howard Adams	4/09/87 - 12/03/89
Robert Brostrom	3/12/86 - 12/03/88
Lane Carson	12/18/85 - 12/03/88
Gene Chappie	4/09/87 - 12/03/89
Richard Chavez	12/04/85 - 12/03/88
Truman Cline	2/04/85 - 12/03/87
Robert A. (Tony) Cothren	4/09/87 - 12/03/88
Steven Diaz	7/01/85 - 12/03/87
Charles Hauser	2/08/85 - 12/03/87
Norman Hughes	7/01/85 - 12/03/87
Robert Kelly	4/09/87 - 12/03/89
William Tangye	7/01/85 - 12/03/86 4/09/87 - 12/03/89

Federal Board Members

Department of Education
Madeleine Will
Assistant Secretary for Special Education & Rehabilitative Services

Department of Defense
Chapman Cox
Assistant Secretary for Force Management & Personnel

Department of Health and Human Services
Ronald Robertson
General Counsel

Department of Housing & Urban Development
Samuel Pierce, Jr.
Secretary

Department of Interior
Joseph Gorrell
Assistant Secretary for Policy, Budget, & Administration

Department of Justice
William Bradford Reynolds
Assistant Attorney for Civil Rights

Department of Labor
George Salem
Solicitor of Labor

General Services Administration
Paul Trause
Deputy Administrator

Department of Transportation
Matthew Scocozza
Assistant Secretary for Policy & International Affairs

United States Postal Service
Stanley Smith
Assistant Postmaster General

Veterans Administration
Thomas Harvey
Deputy Administrator for Veterans Affairs

Question. How much of the Board's total budget is associated with Board meetings, i.e., per diem, travel and compensation costs.

Answer. For FY 1987, a total of $141,000 will be spent on travel and compensation costs associated with Board meetings.

Question. Provide the dates of Board meetings for Fiscal Years 1985 and 1986, held or planned for Fiscal Year 1987 and planned for Fiscal Year 1988.

Answer. The dates for Board meetings are as follows:

FY 1985		
November	11 - 13	
March	11 - 13	
May	13 - 15	
July	7 - 8	Retreat
	9 - 10	
September	9 - 11	
FY 1986		
November	12 - 14	
March	10 - 12	
May	12 - 14	
June	23 - 25	
September	8 - 10	
FY 1987		
November	15 - 16	Retreat
	17 - 19	
March	9 - 11	
May	11 - 13	
July	13 - 15	
September	14 - 16	

FY 1988	
November	16 - 18
March	7 - 9
May	9 - 11
July	11 - 13
September	12 - 14

Question. What has been the attendance rate at Board meetings for 1986 and 1987 to date?

Answer.

1986	Members Present
March	13
May	13
June	15
September	15
November	16
1987	
March	16

Question. Does the Board allow voting by proxy?

Answer. Yes. Any member may give a directed or undirected proxy to any other Board member, public or Federal, present at a Board meeting. Only Board members (including Federal member designees, Executive Level IV or higher) may vote.

Question. Does the Board have rules for requirements to attend meetings?

Answer. Yes, the Board does have requirements for attending meetings.

Question. If so, what are they?

Answer. A Board member who is unable to attend a regularly scheduled meeting must notify the Executive Director promptly. A list of members present and absent becomes a permanent record in the minutes.

Question. Are Board meetings held in the "Sunshine"? That is, can persons other than Board members attend and/or participate?

Answer. Yes.

AUTHORIZING LEGISLATION

Question. Provide for the Committee, public-law number and bill language that authorizes appropriations for the Board for Fiscal Year 1988?

Answer. Public Law 99-506, which amends the Rehabilitation Act of 1973: There are authorized to be appropriated for the purpose of carrying out the duties and functions of the Board under this

section such sums as may be necessary for each of the Fiscal Years 1987, 1988, 1989, 1990, and 1991, but in no event shall the amount appropriated for any one fiscal year exceed $3,000,000.

RESEARCH FUNDS

Question. For the record, list the projects and funds allocated for closing out reserved MGRAD sections (for Fiscal Year 1985, 1986, and 1987 and planned for 1988).

Answer. Looking only at those projects directly related to closing out reserved sections for the fiscal years mentioned, the project titles and amounts are: "Information Systems," $174,465, and "Recreation Technical Paper," $15,000, for a total of $189,465, all of which were obligated in FY 1985. MGRAD-related research in FY 1986 and FY 1987 does not deal with reserved sections, nor do the research projects that have been identified for potential funding in FY 1988. Another $520,789 will have been obligated from FY 1985 through FY 1987 for projects on areas of MGRAD that were not reserved, but where more information was thought to be needed.

Question. For the record, list the projects and funds allocated for research projects that were self-initiated (for Fiscal Years 1985, 1986, and 1987, and planned for 1988).

Answer. In an earlier question, you defined "self-initiated" projects as any projects for purposes other than completing the reserved sections of MGRAD. The breakdown would be as follows:

NON-MGRAD PROJECTS

1985

Boarding Chairs	$ 23,432
Airports TDD Project	85,000
TDD in Government	115,000

1986

Mobility Aids Stowage	$ 23,000
TDD Relay	25,000
UMTA Bus Lifts and Wheelchair Securements	25,000

1987

[Planned, not Obligated]

Design Competition Award	$ 5,000
Children's Accessibility Requirements	10,000
Egress	100,000
TDD Relay (2nd Year)	25,000

1988

Design Competition Award	$ 5,000
Egress II	Not Determined

PROJECTS RELATED TO MGRAD PROVISIONS
(OTHER THAN RESERVED SECTIONS)

1985	
Alarms Documentation	$114,789
1986	
Visual Signals	206,000
Slip Resistant Surfaces	75,000
1987	
[Planned, not Obligated]	
Visual Signals (2nd Year)	75,000
Slip Resistant Surfaces (2nd Year)	50,000
1988	
No specific projects planned as yet.	

REQUIRED REPORTS

Recent reauthorization of the Rehabilitation Act of 1973 requires that the Board by February 1, 1988, report on the Board's activities in the field of transportation.

Question. For the record provide the committee on outline of the work you will undertake to fulfill that requirement (i.e. report outline).

Answer. The following outline has been developed:

ACTIVITIES OF THE
ARCHITECTURAL AND TRANSPORTATION
BARRIERS COMPLIANCE BOARD
WITH RESPECT TO OVERCOMING
TRANSPORTATION BARRIERS

I. **INTRODUCTION**
   1. Board Transportation Policy Statement
   2. Transportation Barrier Issues

II. **LEGAL AUTHORITY**
   1. Architectural Barriers Act Coverage
   2. Section 502 of the Rehabilitation Act
      a. Technical Assistance [502(d)(3)]
      b. Public Conveyances [502(b)(8)]
      c. Office of Legal Counsel Opinion

III. **PROJECTS**
   1. Air Transportation
      a. National Transportation Facilitation Committee
      b. Boarding Chair Technical Paper
      c. Mobility Aid Stowage Technical Paper
   2. Surface Transportation
      a. Lift and Wheelchair Securement Technical Paper

BOARDING CHAIRS

Question. Has the Board decided what materials will be made available for providing technical assistance in the area of "boarding chairs" for airlines?

Answer. At its March meeting, the Board's Standards Committee recommended that the Board publish the advisory standard as a technical paper on the design of aircraft boarding chairs.

Question. How many public comments were received on the proposed advisory standard on boarding chairs published May 15, 1986?

Answer. A total of five substantive comments were received, all supporting the issuance of the advisory standard with minor changes.

Question. Who will the Board be sending its technical assistance to in this area (i.e. will it be distributed to all airlines and airports and if so how)?

Answer. Approximately 500 copies have been suggested initially which will be sent to a mailing list currently being compiled. The list will consist of all boarding chair and wheelchair manufacturers known to the Board, all air carriers which have participated in the Access to the Skies program of Rehabilitation International USA, all parties who submitted comments on the proposed advisory standard, unduplicated entries on review panels created by the Board's contractor for related projects, and any other parties expressing interest. In addition, we propose to provide "clean" copies to DOT and FAA for reproduction and distribution in response to requests. The Board has also discussed with FAA the possibility of FAA issuing an advisory circular to announce the availability of the technical paper.

ROLLING STOCK

Question. Please briefly explain why the Board doesn't have jurisdiction over "Rolling Stock"?

Answer. The ATBCB enforces standards under the Architectural Barriers Act (ABA) of 1968. It has been the long standing interpretation of that Act by the Board and its member agencies, that rolling stock is outside the jurisdiction of the Act. This interpretation is based in large part on the explicit language in the legislative history of the ABA, which excludes rolling stock from coverage. There was a question as to whether the Board could enforce standards for rolling stock that were issued under statutory authorities other than the ABA. The Office of Legal Counsel, of the Department of Justice, recently concluded that the Board's own statute, under 502 (b)(8), does not give the Board authority to establish or enforce <u>any</u> accessibility standards for rolling stock.

RECREATIONAL ACCESS

Question. What is the status of the Board's research into recreational access?

Answer. The Board sponsored the work of an Interagency Working Group chaired by the Department of the Interior and a technical paper prepared by a consultant under guidance by the Working Group. This work has been completed. The draft final report has been received at the Department of Interior and Board offices, and is now being reviewed and edited. We anticipate releasing much of this information for technical assistance purposes. Interior may, at its option, also provide technical assistance and may, as well, require grant recipients to comply with some of the specifications recommended in the technical paper. It could do this by, for example, incorporating specifications into its Section 504 regulation or by referencing such specifications in guidelines and administrative procedures.

Question. Describe the recreation accessibility project (include dates for completion of the technical paper and resulting recommendations).

Answer. The Board's recreation project began as a technical paper, approved by the Standards, Research and Technical Assistance Committee in 1985. An interagency committee was formed by the Board at the request of the Department of the Interior and chaired by a representative from that Department, which is a member agency of the Board. A consultant was retained to develop a draft report and staff the working group. The final report is now being analyzed and edited for use both at the Board and at the Department, and should be available by the end of FY 1987. Among the important recommendations made by the Working Group and reflected in the technical paper are suggestions for designating accessibility of trails (which may be accessible at some points and inaccessible at others), height of picnic tables, restroom facilities, use of sign-language interpreters and audiotaped materials in parks and parklands, and accessibility in fixed facilities used for recreational boating. The Board will be pleased to make available a copy of the final report when editing has been completed.

COOPERATION WITH NATIONAL INSTITUTE ON DISABILITY AND REHABILITATION RESEARCH (NIDRR)

Question. NIDRR will be providing funds to the Board for publication and dissemination of reports prepared by the Task Group on Accessibility.

When does the Board expect that product to be available?

Answer. First, NIDRR will retain a consultant for a nine-month project to develop the report on research activities and future needs. The process of contracting for the work is now underway, and the consultant is expected to begin by early May. Thus, the report should be available sometime in early 1988, possibly March. Before publication, the material will have to be reviewed and approved by the Interagency Committee on Handicapped Research, NIDRR, and the Board. Publications could be available for distribution as early as the last quarter of FY 1988.

INTERAGENCY AGREEMENT WITH UMTA

Question. Describe the interagency agreement with UMTA regarding lifts on buses and paratransit vehicles?

Answer. As part of a contract with Battelle Institute, UMTA was holding a conference and considering creating a model specification for wheelchair lifts and securements, areas on which the Board wanted to develop technical papers. An interagency agreement was developed in which UMTA's contractor would develop the model specifications for UMTA and the issues paper, bibliography, and resources for the Board. The Board transferred funds to UMTA for their portion of the contract and also agreed to provide technical assistance to UMTA on other parts of the project, including participating on the advisory committee for the conference and chairing the technical session to develop the final specification.

UMTA is in the process of publishing the final specification, the draft issues paper and resource list are being reviewed by Board staff, and a computerized annotated bibliography, and associated software, has been delivered to the Board and is being used to provide technical assistance.

The Board has broad statutory responsibility to provide technical assistance to whoever asks for it.

Question. Does the Board receive reimbursement for technical assistance that it provides other Federal agencies or private organizations?

Answer. No, but some funds have been received in connection with the publication and distribution of the indexed edition of UFAS.

Question. Has the Board had to ever refuse technical assistance to another Federal agency or private organization because of lack of resources?

Answer. The ATBCB is able to respond to all requests it receives from its priority audiences--Board members and other Federal agencies--in their efforts to comply with Title V of the Rehabilitation Act. The Board is also able to respond to requests for general technical information, or to refer inquiries to appropriate sources.

However, we are not always able to provide specialized or individual services requested by the private sector.

COMPLIANCE AND ENFORCEMENT

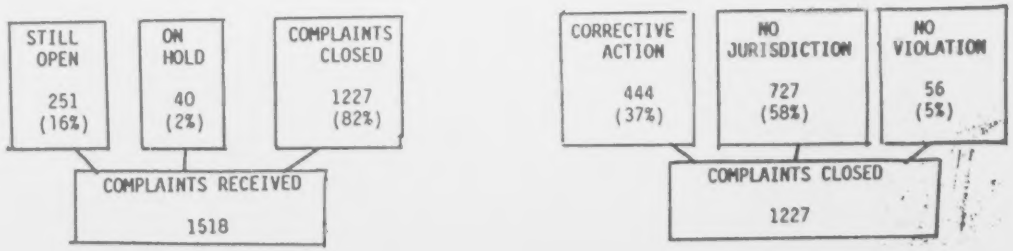
Question. Reprint Page 11 of the annual report for Fiscal Year 1986, the Compliance and Enforcement statistical report.

Answer. A copy of page 11 of the annual report for Fiscal Year 1986 is attached.

AS OF END OF FY 1986 (9/31/86)

STATISTICAL REPORT OF COMPLAINTS RECEIVED BY FISCAL YEAR
(1977-1986)

FY	CHANGE (PERCENT)	COMPLAINTS RECEIVED	STILL OPEN	ON HOLD AWAITING SETTLEMENT	TOTAL COMPLAINTS CLOSED	COMPLAINTS CLOSED DURING FY 1986	COMPLAINTS CLOSED FOR: CORRECTIVE ACTION	NO JURISDICTION	NO VIOLATION
1977	-	100	0	0	100	0	43	49	8
1978	55.0	155	0	0	155	0	62	85	8
1979	13.0	176	0	0	176	0	89	83	4
1980	-9.0	160	1	1	158	1	55	91	12
1981	-33.0	106	3	0	103	0	42	60	1
1982	12.2	119	1	1	117	0	54	58	5
1983	8.4	129	10	2	117	4	40	66	11
1984	80.0	233	43	24	166	5	31	133	2
1985	6.5	249	105	12	132	63	27	100	5
1986	-63.0	91	88	0	3	3	1	2	0
TOTAL		1518	251	40	1227	76	444	727	56



FUNCTIONAL AREAS

Question. Update the chart on Page 730 of last year's hearing, Senate Hearing 99-721, Part 1 on positions and dollars by functional area.

Answer. The following is the update of the table on page 73 of last year's hearing of the number of professional and administrative positions in each of the functional areas for FY 1988 and associated personnel compensation and benefits:

Functional Area	Staffing Level	Compensation
Research	2.0 Professional	77,043
Technical Services	5.0 Professional	233,025
	2.5 Administrative	39,927
Compliance	5.5 Professional	252,139
	1.0 Administrative	18,358
Administrative	6.5 Professional	297,522
	3.0 Administrative	63,076
12 Board Members	1.5	76,000
	Subtotal	1,057,090
	Benefits	188,000
	Total	$1,245,090

RULEMAKINGS

Question. List the rulemakings begun or completed in Fiscal Year 1986.

Answer. In 1986 the Board amended the Statement of Organization and Procedures (36 CFR Part 1155) to limit voting at committee meetings to Board members, and to provide for a vice-chair as well as a chair for each committee; the Authorities and Delegations (36 CFR Part 1153) to "achieve a better balance of authority among the Board, officers, staff, and committees;" and 36 CFR Part 1150 to provide a one hundred and eighty (180) day informal resolution period in place of the ninety (90) day period.

Question. List any rulemakings begun or completed or planned for Fiscal Year 1987.

Answer. On February 11, 1987, the Board published a Notice of Proposed Rulemaking to add provisions on Leased Facilities and Detectable Warnings to the Minimum Guidelines and Requirements for Accessible Design (MGRAD). Other rulemaking anticipated this fiscal year will include amendments to the Statement of Organization and Procedures to incorporate recent legislative changes; amendments to the Freedom of Information Act regulations in accordance with OMB directives; and a final rule to implement Section 504 of the Rehabilitation Act of 1973.

Question. List rulemakings planned for beginning or completing in Fiscal Year 1988.

Answer. In Fiscal Year 1988 the Board anticipates issuing a final rule on the MGRAD provisions that were proposed in FY 1987, and may issue proposed rules on other MGRAD reserved provisions. The Board hopes to issue final rules before the end of FY 1988 on the proposed rulemakings as well, but the extent and nature of public comment on the proposed rules will affect that schedule.

SUBCOMMITTEE RECESS

Senator LAUTENBERG. We are going to adjourn this hearing now, and to announce at the same time that the Senate Appropriations Subcommittee on Transportation and Related Agencies will reconvene on April 9, Senate Dirksen Building, room SD–138. That is Thursday, at 10 a.m.

And with that, this hearing is concluded. And we thank you once again for your help.

Mr. HAUSER. Thank you, Senator.

[Whereupon, at 3:23 p.m., Thursday, April 2, the subcommittee was recessed, to reconvene at 10 a.m., Thursday, April 9.]

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